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Final Edition

THURSDAY

In 2 Sections — Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 156 Number 4102

New York, N. Y., Thursday, August 27, 1942

Price 60 Cents a Copy

P. Johnston 25 Years With Chemical Bank

Mr. Percy H. Johnston, Chairman of the Board of the Chemical Bank & Trust Company, is celebrating his 25th anniversary with the bank tday.

Percy H. Johnston

Mr. Johnston began his banking career in his native town of Lebanon, Kentucky, as a clerk in the Marion National Bank. At the age of 26, he became a national bank examiner, and when he was 30 years old he was made one of four national bank examiners at large. He held this position until he became a Vice-President of the Citizens National Bank, Louisville, Kentucky, at the age of 32.

On Aug. 27, 1917, Mr. Johnston came to New York as a Vice-President and Director of the Chemical Bank and was elected President in 1920 at the age of 39. In 1931, he was elected Chairman of the Board and acted as both Chairman and President until 1935 when he relinquished the Presidency, continuing as Chairman and Chief Executive Officer of the bank, which position he now holds.

In the Chemical Bank's 118 years of existence, the period covered by Mr. Johnston's tenure of office has been as varied and difficult as any in the country's economic and political history. The bank's remarkable growth under Mr. Johnston's leadership is reflected in a comparison of its statement of Mar. 31, 1917, with that of Mar. 31, 1942, which emphasizes the tremendous strides

(Continued on page 711)

Our Reporter On "Governments"

For weeks now, reports have been circulating among financiers concerning an impending and "approved" rise in the short-term interest rates. . . . Every decline in excess reserves, particularly of New York City and Chicago banks, has brought renewed stories to that effect. . . . Every announcement of the award of discount bills—at admittedly advancing rates—has intensified rumors that the Treasury and Federal Reserve System cannot hold the rate even if they wanted to. . . . Now, though, a minor revision in reserve requirements of New York City and Chicago banks has been made effective. . . . The requirements have been cut from 26 to 24%—an insignificant change but one permitting a $340,000,000 addition to surplus funds here and a $70,000,000 addition to surplus funds in Chicago. . . . And suddenly, presto! . . . Fears of hardening of short-term rates for more than temporary periods, have disappeared. . . .

This seems timidity carried to an extreme. . . . Either one believes the Government has (1) the ability and (2) the willingness to maintain interest rates at these levels or one doesn't. . . . Either one is convinced of the magnificent manner in which this market has been controlled and of the power of the supporting devices at the disposal of the authorities or one isn't. . . . Either one sees this Government market (long- and short-term list) as a whole and as part of the entire pattern of war financing or one doesn't. . . . To cut this discussion short, this writer believes (1) in the ability and willingness; (2) in the magnificence of control and (3) in this market as an essential, pivotal part of the war financing pattern. . . .

Under those circumstances, first the rumors of an impending rise of important proportions and then the ending of the rumors appears to this writer to be unjustified weakness in financial analysis. . . .

MORE CUTS

It's entirely possible that some rise in short-term rates will be permitted over the coming months. . . . Already, there has been an advance. . . . The statistics at your disposal will prove that right off. . . . Commercial paper rates and the discount rate may be allowed to go up another minor degree. . . . But an infinitesimal advance in these highly sensitive rates just doesn't seem important enough to talk about. . . . What we—and that "we" includes the tens of thousands of institutional investors in Governments in the United States—are interested in is the major trend of the Government market. . . . Not intermediate changes. . . . And every sign we've seen indicates the Treasury and Federal Reserve System have full intentions of maintaining the major trend in a direction permitting the most comfortable war borrowing activities. . . . As long as the long-term market is held at current rates and only minor changes are permitted in the shortest-term list, there seems no argument over what is to happen to interest rates. . . .

Apparently, the Federal Reserve's program is to ease reserve requirements by gradual stages. . . . To ease the market "easily," in more colorful words. . . . The first move brought the requirements of the two big and most pressed cities from 26 to 24%. . . . Under the amendment to the Federal Reserve Act, passed July 7, the Reserve Board may bring these rates down to 20%. . . . In the ten other Federal Reserve cities, the requirement level is at 20%. . . . In the cities characterized at the next lower level, the requirement

(Continued on page 720)

SEC Told That NASD Could Not Get Counsel To Approve Legality Of Minimum Capital Plan

In a letter sent to the Securities and Exchange Commission under date of Aug. 18, Frank Dunne, President of the New York Security Dealers Association, characterized the statement made by the NASD spokesman before the SEC hearing Aug. 13 on the minimum capital rule "a model of vagueness and generality," and declared that both the statement and the Association's exhibits merely emphasized the arguments made by him in opposing the plan. Mr. Dunne had reference to the statement prepared by Robert W. Baird, Treasurer of the NASD.

Mr. Dunne also informed the Commission that the statement in question failed to support "by argument, citation or statutory reference," the vital question as to the legality of the Association's action in promulgating the rule. The Association, he asserted, must have had a legal opinion as to the validity of its action and maintained that "its absence from the record justifies the inference that it was unfavorable to the Governing Board's position."

Mr. Dunne's letter is reproduced herewith:

Securities and Exchange
Commission, Philadelphia, Pa.
Gentlemen:

Since appearing before your body on August 13 in opposition to the amendment to Article 1 of Section 1 of the By-Laws of the National Association of Securities Dealers, Inc., I have had an opportunity to read the statement made by Robert W. Baird and the exhibits introduced into the record by the NASD. It seems to me that both the statement and the exhibits add considerable emphasis to what I said in my argument.

Mr. Baird's statement was certainly a model of vagueness and generality. To illustrate what I mean, let me point out what he said regarding the legality of the Association's action in adopting the amendment:

"With respect to the question of power, the Board of Governors naturally surveyed this matter carefully and thoroughly, and its own conclusions obviously are suggested by its action in promulgating the rule."

That sentence is carefully designed to say little, but, nevertheless, to lead your body to infer that the Board of Governors believes the amendment can legally be adopted. But Mr. Baird does not say so, nor does he in any way support by argument, citation or statutory reference, the "conclusions" that are "obviously suggested."

Reference to the Association's exhibits reveals that considerable effort was employed to solicit opinions of various State securities laws administrators on the general subject, but conspicuous by its absence is any opinion of counsel on the legality of the Association's action.

Mr. Baird said that the Board "surveyed this matter carefully and thoroughly." Surely then it must have had a legal opinion and the only inference I can draw from its absence from the record is that it was unfavorable to the Board's position, as in truth it must have been. Am I not correct in believing that my inference is much stronger than the "red herring" one that Mr. Baird drew across this vitally important aspect of the proceedings?

Mr. Baird concedes that wealth

(Continued on page 711)

INDEX

Page
Bank and Insurance Stocks.......... 710
Bond Selector (The)............... 706
Calendar of New Security Flotations 718
Investment Trusts................. 711
Municipal News and Notes.......... 712
Our Reporter on Governments...... 705
Personnel Items................... 708
Railroad Securities 709
Securities Salesman's Corner...... 711
Tomorrow's Market — Walter Whyte Says 709
Uptown After 3.................... 716

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R. M. Schmidt Elected Blyth Co., Vice-Pres.

Reginald M. Schmidt has been elected Vice President of Blyth & Co., Inc., 14 Wall Street, New York City. He joined the firm in 1932 and is in charge of municipal operations in New York. He is a past governor of the Municipal Bond Club of New York.

Bank Stock Interesting

The present outlook for the stock of the National City Bank of New York is very interesting and offers considerable possibilities, according to a study just issued by Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif. Copies of the circular discussing the situation in detail may be had from the firm upon request.

Cement Stock Attractive

According to a circular just issued by Hartley Rogers & Company, 1411 Fourth Avenue Building, Seattle, Wash., the class "B" stock of Superior Portland Cement, Inc. offers attractive possibilities in view of the current gains in cement production. Copies of the circular containing interesting details may be had from the firm upon request.

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THE BOND SELECTOR

REPUBLIC OF CUBA 4½s, 1977

Recent Weakness in This Issue as a Result of Confirmation of Warren Brothers Reorganization Offers Opportunity of Price Appreciation and Good Yield

Readers of this column will recall the details of the reorganization plan of Warren Brothers Company, an important part of which consisted of settlement by the Republic of Cuba of the company's claims for construction work completed in 1931. Under the terms of the settlement, the Cuban Government paid to Warren Brothers $8,702,000 in Cuban bonds—$4,323,300 principal amount of External 4½s, 1977, and $4,379,600 of External 4½s, 1955. Under the reorganization plan, Warren Brothers pledged $4,150,300 of each issue behind an equivalent amount of its own bonds which were issued. Under the terms of the indenture, the company is obligated to sell within three months of consummation of plan all its Cuban bonds which are not pledged. In consequence of the imminence of approval of the reorganization, and the expectation of sizable amounts of the 4½s, 1977, coming into the market, this Cuban issue has been extremely weak.

Aside from this technical aspect of the market for the Cuban 4½s, 1977, there is nothing in the picture to justify the bonds selling in the low 70s and yielding around 6.50%. In fact, at current levels the bonds are believed to be extremely attractive both for income and for the chances of profit marketwise.

The overall Cuban situation, which looked none too appealing eight or nine months ago, has improved considerably and now looks extremely favorable. The most important item in the economic position of Cuba at present is the fact that the 1942 sugar crop has been bought by the United States. Whether or not the United States is so fortunate as to be able to ship this sugar here, it makes no difference to Cuba insofar as the financial arrangements are concerned. Under a recent agreement worked out with Defense Supplies Corporation, the United States is advancing, free of charge, up to 90% of the value of the 1942 sugar crop as soon as the sugar is placed in warehouses on the island. This involves payment of between $150,000,000 and $200,000,000 to the Cuban sugar industry.

Now that the 1942 crop is no longer a problem, interest centers around the coming crop. A mission from this country recently went to Cuba for the purpose of conducting preliminary negotiations for acquisition of the entire 1943 output. The mission returned without signing a contract, which has left the matter up in the air, but Cuban sugar interests are glad that no price tag has been placed on the sugar while production costs are rising.

The Cuban Sugar Institute has warned producers against overoptimism regarding the amount of sugar which might be taken over by the United States next year.

(Continued on page 720)

D. Royce Transferred To Blyth L. A. Office

CHICAGO, ILL.—Donald Royce, Vice-President of Blyth & Co., Inc. and manager of its Chicago office, 135 South La Salle Street, has been appointed to supervise sales production for the firm in the southern California territory, and will make his headquarters in the Los Angeles office, 215 West Sixth Street. The transfer of Mr. Royce to Los Angeles occasions changes affecting other personnel of the Chicago organization. Alfred S. Wiltberger, heretofore in charge of wholesaling activities, will succeed Royce as manager of the office, and T. Henry Boyd, who has been manager of the Municipal Department, will continue in that department with headquarters in the New York office. Hiram H. Belding, Jr. will become the head of the institutional and city sales department in Chicago and Harold A. Talbert will be in charge of sales outside of Chicago.

Mr. Royce is well known on the Pacific Coast, having been in the investment business there for a number of years before associating himself with Blyth & Co., Inc. in Chicago.

Rail Outlook Promising

There can be no doubt that railroad earnings, which aggregated $289,000,000 in the first six months of 1942, will be both large and sustained for the duration of the war, according to the current bulletin of Strauss Bros., 32 Broadway, New York City, entitled "Promising Outlook for Rails."

Regarding the threat of air transportation, the study states that many years of experiment and organization will be necessary for peace-time operation of air freight. Air transportation cannot effectively compete with rails or even ships where time and distance do not sufficiently compensate for mass transportation.

"It is not improbable that we are placing too much emphasis on the word 'competition' itself," the bulletin continues. . . . "Carrying the brunt of our war-time transportation, it would appear that railroads will long remain an essential bulwark in our carrier system."

Ledyard & Kidd To Be J. Bradford Partners

NASHVILLE, TENN.—Quitman R. Ledyard and William E. Kidd will be admitted to partnership in J. C. Bradford & Co., 418 Union Street, members of the New York Stock Exchange. Mr. Ledyard has been president and treasurer of Nunn, Shwab & Co. with which firm he has been associated for many years. In the past he was with Gray, Shillinglaw & Co. and was manager of the municipal department of the American National Company. Mr. Kidd is general manager of J. C. Bradford & Co. and in the past was with Elder & Co.

Heavy Post-War Taxes To Pay Off War Debt

President Roosevelt believes the American war debt can be paid off after the war ends by continuing heavy war-time taxes and cutting government expenditures to the bone, it was learned on Aug. 12, said the United Press, which in a Washington account said in part:

"The President's plan for amortizating the cost of the war in post-war years was outlined by him recently in talks with national leaders.

"Mr. Roosevelt, it was reported authoritatively, believes heavy taxes should be continued long enough to pay off the billions being spent now.

"Total government expenditures this fiscal year are expected to reach $77,000,000,000, and the President foresees a public debt of about $175,000,000,000 by the end of the war. By cutting governments expenditures to a peace level of about $10,000,000,000 and continuing a tax load of about $20,000,000,000, the Chief Executive believes the debt can be amortized.

Prolongation of the war for a number of years, of course, would put the public debt higher than the $175,000,000,000 foreseen now by Mr. Roosevelt. His ideas about amortization, however, would remain basically the same, according to his recent conferees.

"The President's plan has the dual purpose of preventing a runaway post-war inflation and paying off the war debt.

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Form Heath & Co. In Elgin

(Special to The Financial Chronicle)

ELGIN, ILL. — Heath & Company, Inc., has been formed with offices in the Elgin Tower Building, to engage in a general securities business. Officers of the new firm are David L. Heath, President and Treasurer; Alice J. Heath, Vice-President, and Barbara J. Wechter, Secretary. Mr. Heath was previously Vice-President of Alexander & Company in charge of the Elgin office, with which Miss Wechter was also connected.

Harley A. Nehring and Lawrence E. Ricketts, both previously with the local office of Alexander & Company, are now associated with Heath & Company, Inc.

In Enlarged Quarters

SHEBOYGAN, WIS.—Walter J. Brand & Company, Inc., announces its removal to new and enlarged quarters in the Security National Bank Building. "The enlargement of our quarters," Mr. Brand declared, "has been made necessary by the increased number of our clientele and the promise of a bright future for the investor in conservative securities."

Maintaining Wholesale And Retail Markets For Over-the-Counter Securities

By WHITMAN C. HAFF

The proposed new rule of the Securities & Exchange Commission compelling over-the-counter dealers to quote markets to their customers at the time of a transaction brings to the fore the question of strictly maintaining wholesale and retail markets for over-the-counter securities.

It is a well known fact that no rule has been enforced governing such markets. In fact, there does not seem to be even an ethical rule regarding the question. Yet buying and selling securities in the over-the-counter wholesale market, or dealers' market, plus the regular Stock Exchange commission is not only unfair to the dealers who buy wholesale and sell retail at a net price, but loses many customers for them. Why should an investor be able to buy and sell at the same price as a dealer?

There should be a wholesale and a retail market such as other industries enjoy.

On the Stock Exchange there is only one market, as every one knows, and that is a retail market, unless one can call selling large blocks of stocks less a concession a wholesale market. What would become of the dealer who split his commission with his customer on such a deal?

In the over-the-counter market it seems to be "dog eat dog" between the dealer who goes into the wholesale market and buys plus a commission, and the dealer who tries to make a living by buying and selling wholesale and retailing to his customers on a net basis.

Most over-the-counter dealers go to considerable expense in maintaining expensive research departments, salesmen and clerical help and it is only fair to such dealers that such organizations as the National Association of Securities Dealers should supervise and see to it that such markets are strictly maintained.

If such regulations should be put in effect the loss of customers to dealers who retail securities would be much reduced, and the entire industry would be placed on a more fair and equitable basis.

COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, August 27, 1942

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]

Other offices: Chicago—in charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Copyright 1942 by William B. Dana Company.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.

Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

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Opposes Increased Estate & Gift Taxes

Appearing before the Senate Finance Committee as a member of the Committee on Federal Finance of the United States Chamber of Commerce, Roy C. Osgood, Vice-President of the First National Bank of Chicago, testified on Aug. 12 on the estate and gift tax aspects of the Revenue Bill of 1942. One of four members of the Chamber committee to present statements to the Senate group that day Mr. Osgood analyzed the pending measure by discussing phases of the bill as passed by the House of Representatives as compared with the proposals advanced by the Treasury Department before the House Ways and Means Committee. Pointing out that the House committee recognized that death taxes in the United States already closely approximate those of Great Britain and Canada, Mr. Osgood said:

"The House Ways and Means Committee is to be congratulated on its rejection of the Treasury proposal to increase the present high estate and gift tax rates. We trust this committee will make the same decision."

Mr. Osgood urged continuation of the present $40,000 general exemption and $40,000 specific exemption for insurance and rejection of the House bill proposal of one overall exemption of $60,000 and provision of tax-free reserves for payment of estate taxes, provided by earmarked insurance or other liquid assets. Provisions of the revenue acts adopted during and immediately after the first World War, which accorded special exemptions from estate taxes to members of the armed forces dying from causes attributable to military service, were called to the attention of the Senate Committee by Mr. Osgood. He also discussed various technical and administrative amendments to the estate tax law provided in the House measure.

Mr. Osgood in giving his reasons for opposing further increases in estate and gift taxes, cited his belief, among other points that estate and gift taxes are not suited to an elastic tax system and any increase in rates would emphasize "for the sixth time in ten years the inequality among individual taxpayers by making the amount of capital contribution of different citizens depend entirely upon the fortuitious circumstances of death."

To Enforce Utility "Death Sentence"

Strict enforcement of the "death sentence" provisions of the Public Utility Holding Company Act by the Securities and Exchange Commission will be insisted upon, it was asserted on Aug. 24 by Robert E. Healy, member of the SEC.

In an address before a meeting of the public utility law section of the American Bar Association at Detroit, Mr. Healy said that problems which the SEC faces in administering the Holding Company Act have been accentuated by conditions resulting from the national war effort.

Mr. Healy, who heads the Bar Association's section, stressed the fact that he was speaking as a reporter rather than as a SEC commissioner.

He further said, according to Detroit advices to the New York "Herald Tribune":

"The Commission has taken the position that sound financial structures and practices must continue to be an objective of the Act's administration and that if anything, the entry of the United States into the war has emphasized the need for attaining this objective.

"Whatever its evils in normal times, the luxury of unsound utility financing can be afforded even less by the nation at this time.

"Present conditions have particular significance for enforcement of Section 11 of the act. The Commission takes the view that war-time exigencies may well increase pressure upon the holding company managements to come to grips with the serious problems of putting the operating companies into shape to finance new construction requirements promptly by such means as will permit flexible adjustment to post-war conditions.

"In many circumstances, that will undoubtedly involve taking substantial steps in compliance with the provisions of Section 11. The Commission states that it is not only willing but deems it its duty to assist far-sighted managements in straightening out the financial structure of their systems."

G. A. Nicholson With Paine, Webber Firm

(Special to The Financial Chronicle)

DETROIT, MICH.—George Albert Nicholson, Jr. has become associated with Paine, Webber, Jackson & Curtis, Penobscot Building. Mr. Nicholson was formerly vice-president of American Industries Corporation and prior thereto was in the statistical department of Whitlock, Smith & Co.

Pratt & Williams Add Mark Price To Staff

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Mark M. Price, Jr. has become associated with Pratt and Williams, Citizens Building. Mr. Price was formerly manager of the sales department for M. A. Cayne & Co. Prior thereto he was with Allan & Co., First National Securities Co. and the First Cleveland Corporation.

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Securities Industry To Wage Bitter Fight Should SEC Insist On Bid & Asked Rule

It has already been made perfectly evident that practically the entire securities industry is unequivocally opposed to the proposed SEC bid and asked disclosure rule (X 15-C 1-10) and is prepared to employ every possible means to prevent the Commission from making the proposal effective. The Commission, it will be recalled, suggested the new rule for further regulation of the over-the-counter markets on July 29 and thereupon forwarded copies of the measure to various organizations within the industry for their consideration. These groups were asked to make known their views to the Commission by Aug. 12. The Commission later announced that the date for the submission of comments had been extended to Sept. 15.

In suggesting the rule, the Commission apparently believed that such a program was necessary in order to further safeguard the public interest. That it will fail of that purpose and indeed will cause incalculable damage to the investing public and seriously endanger a vital part of the nation's financial economy cannot be successfully disputed. This fact has been made all too evident in the many letters which we have received from dealers regarding the proposal, most of which constituted a thoroughly dispassionate analysis of the reasons why such a program is unrealistic and impractical and based on a wholly erroneous conception of the character of the vast over-the-counter markets.

We are glad to reproduce herewith some more letters which have been sent to us by individual dealers and dealer groups. As is our usual custom, we do not reveal the source of the communication when the writer prefers to remain anonymous:

DEALER No. 20

If the SEC is successful in promulgating and enforcing the provisions of Proposed Rule X-15C1-10, it is our considered opinion that the investment business of the U. S. is completely and finally washed up.

As this rule would mean the death of the investment business, we are strongly of the opinion that the National Association of Securities Dealers should adopt an unyielding and unalterable stand and fight it to conclusive victory or complete defeat.

The reasons this rule would completely eliminate the investment dealer from our economic life are too numerous and too self-evident to all investment men to go into in minute detail. We can only interpret this proposed rule as being a deliberately vicious attempt to concentrate all economic power in the hands of the bureaucrats and eliminate from our economic life men who have spent their entire lives in servicing the needs of their investment clientele.

A substantial portion of the investment business of the country is handled by firms who deal both in over-the-counter securities and are members of regional stock exchanges. The exchange memberships are maintained, at least at present, largely for the prestige which such membership gives the member firm, but the over-the-counter business is the main source of revenue which supports the firm and its employees.

The relationship between the investment man and the investor involves many obligations, services and expenses which the broker does not have. The broker executes an order and assumes no obligation except for the delivery of the security purchased or for the payment of the security sold. The majority of customers of the investment house place the responsibility on the shoulders of their investment man to purchase for them the type of security that best suits their needs—taking into consideration their individual circumstances, age, objectives, etc., and from the moment the sale is consummated there is a continuing obligation to keep the investor adequately informed of internal developments within the company whose stock he holds and also to keep him informed of government rules and regulations which within a short space of time may change the whole outlook of the industry in which his funds are invested. For this service, which may extend over a long period of time, the investment house receives no compensation whatever.

In the final analysis, the success or failure of any investment firm is based entirely upon whether the customer feels that his affairs are better handled and that he is receiving as good service from the person or firm with whom he deals than he can secure elsewhere. All investors know that no firm can exist without making a

(Continued on page 714)

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Rail Study Available

Shields & Co., 44 Wall St., New York City, members of the New York Stock Exchange, have prepared a comprehensive analysis and comparison of New York Central and Southern Pacific Railway Companies. Copies may be had from the firm upon request.

Interesting Speculation

Common stock of the Deep Rock Oil Corporation offers an interesting speculation, according to circular just issued by Doyle, O'Connor & Co., 135 South La Salle Street, Chicago, Ill. Copies of the circular discussing the favorable aspects of the situation may be had upon request from Doyle, O'Connor & Co.

James Magee Dies

James D. Magee, manager of the buying department of Braun, Bosworth & Co., Toledo, Ohio, died suddenly of a heart attack at his home. Mr. Magee, a well-known municipal bond specialist, served as municipal secretary for the Investment Bankers Association a number of years ago, resigning to become associated with Braun, Bosworth & Co.

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D. B. Sherwood Joins Stifel, Nicolaus Co.

CHICAGO, ILL.—Stifel, Nicolaus & Co., 105 West Adams Street, announce that Donald B. Sherwood has become associated with them in their trading department. Mr. Sherwood was recently with Bond & Goodwin, Incorporated in Chicago and prior thereto was connected with Doyle, O'Connor & Co.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

AURORA, ILL. — **Fred Douglas Schwanz,** formerly local manager for Alexander & Company, Inc., has become associated with **William H. Flentye & Co., Inc.**, Graham Building

CHICAGO, ILL. — **Max F. Stevens** has become affiliated with **Lee Higginson Corporation,** 231 South La Salle Street. Mr. Stevens for the past five years has been with Moody's Investor Service as bank counselor.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Edmund J. Toebelman** is now connected with **Norris & Kenly,** 209 South La Salle Street. Mr. Toebelman was previously with Goodbody & Co. and prior thereto with S. B. Chapin & Co.

(Special to The Financial Chronicle)

MIAMI, FLA. — **Hobert Elmer Ball** has been added to the staff of **United Securities Corporation,** Biscayne Building.

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(Special to The Financial Chronicle)

PEORIA, ILL. — **Ben Hershe** is now associated with **Brailsford & Co.,** whose main office is located at 208 South La Salle Street, Chicago, Ill.

PHILADELPHIA, PA.—**Edward Paul Kenney** has become connected with **Rambo, Keen, Close & Kerner, Inc.,** 1518 Locust Street, in their investment department.

Weekly Stock Market Comments

The following excerpt bearing on the post-war period is taken from the text of a speech delivered Aug. 2, 1942 by Mordecai Ezekiel, Economic Adviser to the Secretary of Agriculture.

"The immediate post-war period will be characterized by great deficits in goods to be made up, and by great reserves of buying power available to fill those deficits. On the demand side, our autos, tires, clothes, houses, and household equipment will be worn out or sadly depleted. Our businessmen will need to rebuild factories and replenish their stocks of goods in process or in stores. Starved peoples and war-devastated industries and homes abroad will be eager for food and goods. Our friends in China, Latin America, Oceania, and elsewhere, will be in great need of industrial equipment to expand their own production and standards of living. On the buying power side, our people will have large war-time savings ready to use. Consumer credits will be largely paid off, and new instalment credit will be ready to finance billions of purchases.

"Businessmen will invest large sums in conversion of plants and in replenishing their stocks. South American countries will have built up billions of dollars in balances for the raw materials sent us for war, and will be eager to spend them for all the things they are short on today. Our Government and other great governments will spend large sums for relief and reconstruction. Goods will be needed and buying power will be available, both on a far greater scale than after the last war. The post-war boom, which last time ran 20 months — from November, 1918, to July, 1920—might conceivably this time run several years instead. Rather than an immediate crash, the danger may even be of too great an immediate boom if price control and war-time restrictions were removed at once. If we permit the war-time rise in prices to get into a real inflationary spiral, that will make the danger of an excessive post-war boom all the greater."

The Market Leaders

Most favorably situated group under existing and prospective conditions is the rail group and we continue to expect a broadening and eventually more aggressive demand not only for selected rail bonds but stocks as well.

Continuation of record volume of freight and traffic are in prospect for some time to come, all of which should provide further opportunities for strengthening of finances, reduction of debt and charges, elimination of unprofitable lines and generally for the preparation of the post-war adjustment.

Railroad bonds of perhaps better medium grade are probably fairly close to war-time ceiling levels and the appeal of such issues is distinctly limited. On the other hand, any number of second grade and speculative issues still offer high current yields and have failed to come anywhere near reflecting the extraordinary improvement which has already taken place and which still seems in prospect. As for many of the common stocks there still exists a fantastic discrepancy between stock prices and current and prospective earnings event to the extent of reflecting financial difficulty.

Selected defaulted bonds likewise offer many desirable opportunities for income and further price appreciation. Principal restraining factor in many instances, particularly in the case of the low priced issues, has been the uncertain tax question, with the Senate apparently disposed to permit reorganized roads to retain the old tax base and the Treasury still insisting upon a much reduced base consisting of one-half of new debt plus market value of new equities. Favorable settlement of this important tax question through Congressional action could bring about large percentage price appreciation for some things.

Looking Down

If the railroads are permitted to retain their old tax base, the cheapest issue we can see anywhere is St. Paul Adjustment 5s, due 2000 (2½).

In the ICC reorganization plan (rejected by the court) each $1,000 bond would be exchangeable for about 10 shares of new common stock (actually 9.78 shares). The Adjustment 5s, due 2000, are selling for about $25 per $1,000 bond, indicating that the cost of the new common would be about $2.50 per share. Purchase of $100,000 par amount of St. Paul Adjustment 5s, due 2000, would cost about $2,500.

For the 12 months ended June 30, 1942, net available for fixed charges amounted to about $32,000,000. To pay all proposed charges ahead of the new common stock would require about $20,000,000, leaving roughly $12,000,000 available for about 2.1 million shares of new common stock, or nearly $6 per share. Assuming a 50% reserve for normal and surtaxes, etc., the net would be reduced to about $3 per share compared with indicated prices for the new common of around 2½.

Given a continuation of present earning power for a few years, it is conceivable that holders of new common could receive the indicated purchase price in dividends alone. As of May 31, last, the St. Paul had total current assets of about $73,000,000 and total current liabilities of about $26,000,000; cash amounted to $45,400,000.

There is nothing we can see anywhere in the default picture as potentially cheap as the St. Paul Adjustment 5s, due 2000, for percentage price appreciation. Risks, in our opinion, are relatively insignificant as compared with the potential enhancement of capital. In 1937 St. Paul Adjustments sold at 13, or about five times prevailing market prices. The 1933-42 price range has been about 1 low, 32 high.

Glancing Upward

Looking at some of the more respectable situations pricewise, we might direct attention to Rock Island General 4s, due 1988 (27), and the Refunding 4s, due 1934 (15), as being undervalued and "behind the market."

In the first place, we might point out that the Rock Island in the 12 months ended June 30, 1942, reported about $22,000,000 available for present (old) fixed charges of about $13,500,000, equal to about 1.6 times fixed charges. The balance was equal to about $16 per share on the present $7 preferred stock and to about $6.75 on the present common stock, both of which are considered worthless by the ICC. On the basis of the terms of the ICC reorganization plan, new fixed charges for the 12 months ended June 30, 1942, were covered about 11 times, new fixed and contingent charges and sinking fund requirements were theoretically covered more than twice. After deducting for tax reserves, etc., 50% of the remaining net, the balance for the new preferred would be equal to about $8 per share and for the new common about $1.70 per share.

Assuming for sake of illustration that the new Firsts would command a present day value of 75, the new Incomes 45, the new Preferred 15 and the new Common 5, then the Rock Island General 4s, due 1988, which would receive (1) $83.51 in new First Mortgage bonds; (2) $454.14 in General Mortgage Income 4½s; (3) $445.98 in new Preferred stock, and (4) 3.36 shares of new Common, would be worth about 35. This, in our judgment, would represent an ultra-conservative "at the market" valuation. Moreover, such valuation does not take into consideration prospective interest disbursements to present bondholders that would reduce invested capital. On the same basis, the Refunding 4s, due 1934, which would receive (1) $58.65 in new First 4s; (2) $232.72 in General Mortgage Income 4½s; (3) $209.62 in new Preferred, and (4) 5.25 shares of new Common, would be theoretically worth about 20.

Incidentally, we might point out in passing that Rock Island Convertible 4½s, due 1960 (2¼), which in the reorganization plan would receive 4.3 shares of new Common, do not appear anywhere near as statistically cheap as St. Paul Adjustment 5s, due 2000. This is obvious from the foregoing comments (one is paying theoretically the equivalent of about 6 for the new Rock Island Common). All that we are saying here is that we would much prefer to own St. Paul Adjustments at 2½ than Rock Island Convertible 4½s, due 1960, at 2¼—all of which goes for many other comparably priced situations. — *G. Y. BILLARD, J. R. WILLISTON & CO.*

In The Armed Forces

Jack H. Bond, Vice-President of Mahan, Dittmar & Company, South Texas Bank Building, San Antonio, Tex., has enlisted in the U. S. Army as a volunteer officer candidate and is reporting for duty as a private on Aug. 28th.

Blair F. Claybaugh, special partner in Blair F. Claybaugh & Co., 600 North Second Street, Harrisburg, Pa., is now in the armed forces.

Herman A. Feldmann, manager of the wholesale department of Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., has been appointed a Lieutenant Commander in the U. S. Navy and is stationed at Norfolk, Va.

John J. McAuliffe, formerly of Smith, Barney & Co., Boston, Mass., is serving as a Second Lieutenant in the U. S. Army Air Corps, Procurement Division, and is stationed in Miami, Fla.

Preston J. McNurlen has been commissioned a Lieutenant in the United States Naval Reserve and expects to be called to active duty shortly. McNurlen & Huncilman, 129 E. Market St., Indianapolis, Ind., will discontinue business as of September 1st, Mr. Huncilman already being on duty as Major of Infantry in the United States Army.

F. Aubrey Nash of Richard J. Buck & Co., 39 Broadway, New York City, has taken leave of absence from the firm in order to accept a commission as a Lieutenant in the U. S. Army Air Force.

George F. Ryan, one of the founders and Vice-President of Ryan-Nichols & Co. in charge of their St. Louis office, has been commissioned a Captain in Army Transport Command of Army Aviation, and is now in training at Miami Beach, Fla. He is on leave of absence from his firm, and owing to the fact that three other members of the St. Louis organization have joined the armed forces, that office will be discontinued for the duration. The main office, located at 105 South La Salle Street, Chicago, has recently taken new quarters on the fourth floor in that building, where better business facilities were obtained.

George H. Stubbs, Jr., Vice-President and Treasurer of Stubbs, Smith & Lombardo, Inc., First National Building, Birmingham, Ala., has been commissioned a Captain in the Fiscal Division of S. O. S. in Washington and is now on duty. **Henry M. Smith,** Vice-President of the firm, has been commissioned a First Lieutenant in the Army Air Corps and is now on duty at Miami Beach, Fla.

Walter H. Weil, Jr., Treasurer of Weil & Company, Inc., Union Building Arcade, New Orleans, La., entered the armed forces on Aug. 14. Mr. Weil is presently stationed at Camp Beauregard, La., where he is attending the volunteer officers' candidate school, assigned to the aviation corps.

John C. Wright, manager of the Bond Department of Keane & Co., Penobscot Building, Detroit, Mich., has been appointed a Lieutenant-Commander in the U. S. Navy. Mr. Wright has been in the investment business in Detroit for many years; he was a partner in Wright, Martin & Co.

Tomorrow's Markets Walter Whyte Says—

Failure of market to go through July tops not good. News still a depressing factor. Look for decline or dullness.

By WALTER WHYTE

The first news of the Commando raid against Dieppe caught this column as it went to press. According to early dispatches the raid, a gigantic one, appeared as the opening drive in the much talked of second front. I have long felt the inauguration of such a second front would immediately be reflected in the stock market so I watched the tape closely to see what the market would do. Well, you know what it did.

* * *

Prices rallied back to about the July tops (appx. 108 D. J. industrials) then backed off. Later it was learned that though the attacking party was large, it even carried tanks, it was still a raid, what military experts call a reconnaissance in force, and not the beginning of the second front as some of the headlines claimed. So much for that.

* * *

It was important that while interpretations of the Dieppe foray were plentiful, the market, in its cold calculating fashion was not caught napping. Its interpretation was more realistic and in accordance with the subsequent facts than the wishful thinking headline writers of some of our local newspapers.

* * *

All this brings the market back to about where it was at the beginning of August. Even the rails, purely domestic affairs where their operations are concerned, have sort of drawn back into their shell although they did manage to make a new high last week of 27.11. But as we don't hold any rails, their market action, though interesting, is purely academic.

* * *

From a technical viewpoint the market is still in a move position, the current dull setback notwithstanding. Last week the industrials rallied for three days. According to technical studies markets ready to move begin acting just that way. Yet the three day advance without penetration of previous resistance levels is not enough. It places the market in what must be recognized as a questionable zone.

* * *

According to precedence markets, to prove or indicate continuance of trend, should move in units of 2 or 4, 6, etc. In other words advances should move for two days, four days, etc. In case they don't, past indications are usually cancelled and the market either goes into a decline or at best a period of dullness usually of at least ten days duration. Last week the market advanced for three days running and managed to just get into the July top area. One more day's rally would have brought prices through the important zone from which an important move could begin. It failed.

* * *

It is frequently the case that the news, which up to the time of the market failure may have been good, changes. This was the case in the last few weeks. The recent strength was touched off by the successful Solomon occu-

(Continued on page 716)

Moratorium On U. S.-Held Debts Of Philippine Cos.

The Treasury Department announced on Aug. 12 a moratorium on obligations of Philippine companies held in the United States. This moratorium does not apply to the obligations of the Philippine Government. The announcement stated:

"Pursuant to General Ruling No. 10-A, issued under the Presidential freezing orders, no Philippine company may make any payment in this country on its obligations and no person may enforce in the United States any claim or obligation against a Philippine company. Such payments can be made and such claims can be enforced only if a foreign funds control license is first obtained.

"Treasury officials stated that today's action was intended to make it clear that the assets in the United States of Philippine companies were fully frozen so that the interests of all the parties involved could be fully and properly protected. It was pointed out that some of these Philippine companies had assets in the Philippines worth many millions of dollars before the war and only a relatively small amount of funded indebtedness. The companies do not have assets in the United States at this time to meet maturing obligations and since no one knows or could know, the present conditions or value of property in the Philippines, it is, at the present time, impossible to deal fairly with the respective rights of stockholders, bondholders and other creditors. Under this ruling the situation will be frozen until it is possible to ascertain the facts.

"It was pointed out by Treasury representatives that Philippine companies would not be permitted to use today's ruling to avoid paying their obligations in any case where funds were available and such payments could be made on an equitable basis. In such cases the Treasury will license payments upon appropriate application by interested parties. Moreover, the Treasury expected Philippine companies to furnish their creditors upon demand with information concerning their present ability to pay their obligations. Any failure to furnish such information will be dealt with appropriately by the Treasury.

In Armed Forces

R. W. Pressprich, Jr., has been commissioned a Captain in the U. S. Army Air Force and is on leave of absence from his firm, R. W. Pressprich & Co., 68 William St., New York City.

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The market has begun to display greater confidence in the ultimate consummation of the Missouri Pacific reorganization plan along the original line providing for inclusion of International-Great Northern in the new system. Also many quarters are now looking forward to a possible interest disbursement on the International-Great Northern bonds which have been neglected in recent years when payments have been made on other system obligations such as the Missouri Pacific 1st Refunding 5s and the New Orleans, Texas & Mexico 1st Mortgage series. The hopes for a possible interest payment are based more on the wide earnings rise and strengthened financial position of I.-G. N. itself than on the improved chances of effecting the proposed reorganization and consolidation. Reflecting this growing confidence, the International-Great Northern bonds, which for a long period had been one of the most disappointing spots in the reorganization bond list, have been among the brightest spots in the market upturn of the last week or so.

Improving phenominally from the abysmal levels of a few years ago when for three successive years (1938-1940) operating costs were not even covered, it now seems possible that 1942 will be the best year in the company's history. Last year the old fixed charges were only 82% earned but this year they should be earned almost twice. For the first six months of 1942 there was a gain of roundly 39% in gross revenues with about 37% of the increment carried through to net. Net operating income was up from $485,000 to $1,417,000, and considering the outlook over the balance of the year, including continued all-rail shipments of oil to meet the shortage on the East Coast, the gain in the second half should be practically as wide.

With the sharp expansion in earnings, net working capital as of the end of June was more than three times that of a year earlier. Cash items alone amounted to more than $2,000,000, an increase of close to a million dollars from June 30, 1941. In addition, miscellaneous accounts receivable had more than doubled and, according to the latest balance sheet, stood at $1,448,000. It is believed that to a considerable degree the large accounts receivable represent payments due from the Government for transportation services. While payment for such services is normally delayed about 90 days, the amounts due may obviously be considered the equivalent of cash. Payment of one semi-annual coupon on all of the outstanding International-Great Northern 1st Mortgage bonds would involve a cash outlay of only $805,000. In support of expectations of an interest payment this fall or early winter, it is also being pointed out that the proposed effective date of the Missouri Pacific reorganization plan is Jan. 1, 1940, and that income has been accruing on new securities allocated to the I.-G. N. bonds since that date. Exclusive of dividends on the new preferred, total income accruals on bonds allocated to the I.-G. N. 1st Mortgage bonds will presumably be in excess of $75 per bond by the end of 1942.

Reflecting the belief in some quarters that International-Great Northern might possibly be excluded from the consolidated system and reorganized on its own, its bonds have, over a long period, sold at a considerably wider discount from the "when issued" value of the new securities they are allocated than have the other major system bonds. It is true that the Commission plan does provide that the reorganization may be consummated without consolidation of International-Great Northern under specific circumstances, including failure of bond holders to accept the terms of the plan. However, considering the support given the plan by holders of the I.-G. N. 1st Mortgage in the balloting concluded some four months ago, this is considered a remote contingency if the plan as a whole is confirmed by the District Court and upheld by the higher courts. If, and when, the tax status of the reorganization rails is settled it is felt that the plan will probably be finally confirmed by the District Court and that the I.-G. N. bonds should then sell closer to an arbitrage parity with the Missouri Pacific 5s and the New Orleans, Texas & Mexico bonds.

Under the reorganization plan the I.-G. N. 1st Mortgage bonds are to receive an average of $399 in new Series "A" Inc. 4½s, $251 in Series "B" Inc. 4s, $148 in new prior preferred, 2.01 shares of second preferred and 3.51 shares of new common. At the time of this writing the aggregate value of these new securities, based on "when issued" bid prices, is equivalent to a price of approximately 33 for the old I.-G. N. bonds.

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Market Transactions In Govts. For July

Market transactions in Government securities for Treasury investment and other accounts in July, 1942, resulted in net sales of $2,295,000, Secretary Morgenthau announced on Aug. 15. This compares with net sales of $250,000 in June.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1940—		
August	No sales or purchases	
September	$300,000	sold
October	4,400,000	sold
November	284,000	sold
December	1,139,000	sold
1941—		
January	$2,785,000	purchased
February	11,950,000	purchased
March	No sales or purchases	
April	$743,350	sold
May	200,000	sold
June	447,000	purchased
July	No sales or purchases	
August	No sales or purchases	
September	$2,500	sold
October	200,000	sold
November	No sales or purchases	
December	$60,004,000	purchased
1942—		
January	$520,700	sold
February	29,980,000	purchased
March	5,814,450	purchased
April	300,000	purchased
May	16,625	purchased
June	250,000	sold
July	2,295,000	sold

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—40⅜; low—14¾; Aug. 26 price—38¼.

Bank and Insurance Stocks

This Week — Bank Stocks

Money makes the wheels go 'round—and the wheels are beginning to revolve at a rate never before witnessed in this country. Wars are expensive, in fact the most expensive luxury of the human race and they always leave the world poorer if not wiser. No war of any size can be financed on a pay-as-you-go basis and that means borrowing. Our present armament program calls for appropriations which are astronomical in dimension and our borrowings must of necessity be on the same grandiose scale. The Banking Industry, after idling along in low speed for the better part of a decade, is now being called upon to handle the biggest job it has ever undertaken. Already the banks are operating virtually "at capacity" but, for this particular industry, capacity can be increased almost without limit. Steps are now being taken toward that end.

For example, last week the Federal Reserve Board in Washington announced that reserve requirements on demand deposits would be reduced from 26% to 24% in the two largest money centers, New York and Chicago. The reserve position, particularly in New York, had become increasingly tight in recent months; in fact, by early July, excess reserves had practically reached the vanishing point. A number of factors were responsible for this situation. In the first place, reserve requirements since Nov. 1, 1941, have stood at the maximum legal level of 26%. They were raised at that time from 22¾%, ostensibly to act as a brake on inflation, and widespread discussion followed as to the advisability of legislating even stiffer requirements. It was seriously proposed, in some quarters, to raise the permissible ceiling on reserves to 30%, 40% or even as high as 50%. Since our entry into the war, all such ideas have become as obsolete as the issue of isolationism.

In 1940, the excess reserves in our banking system had reached the unprecedented — and unhealthy—figure of 6.9 billion dollars. Due to devaluation of the American dollar in 1934 and, subsequently, the influx of refugee money from war-threatened Europe, our gold stock rose in seven years from about 4 billion dollars to nearly 23 billion dollars. During the past year, the picture has changed completely. Gold imports have practically ceased, which means that the principal supply source for additional reserves is no longer operative. On the other hand, the demand side has been steadily expanding and will doubtless gather momentum rapidly from this point.

Already, the increased loans to industry plus loans to the Government (i. e. purchases of Government securities), have caused a sufficient rise in bank deposits as to deplete materially the existing reserves. Another factor has been the steep jump in circulating currency, which now totals nearly 13 billion dollars, and against which reserves must be maintained dollar for dollar. The reserve situation in New York has been further aggravated by the fact that much more money is being raised in this area than is being spent here.

It is fairly obvious that the 2% reduction in reserve requirements is only a "drop in the bucket" and cannot do more than alleviate conditions temporarily. Therefore, additional measures to enable the banking system to manufacture a far greater volume of credit, rapidly and safely, can be expected to follow. Presumably, reserve requirements will be lowered even further. It is also considered likely that rediscount rates may be selectively reduced in order to help the banks absorb readily the Government securities which they will be expected to take. A rate of 1% has been in effect at the Federal Reserve Bank of New York for the past five years but its significance has long since been lost in oblivion. Both the changelessness of the rate, which is meticulously reported each day, and the cobwebs which have accumulated over the lending windows at the Reserve have been food for numerous wise-cracks in the financial district. Thus the war seems destined to destroy another legendary segment of the Status Quo in Wall Street.

Aetna Fire
Hartford Fire
National Fire
Phoenix Fire

Bought — Sold — Quoted

A. M. Kidder & Co.
Members New York Stock Exchange and other leading exchanges
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Ordinarily a lowering of reserve requirements or a reduction in the rediscount rate would be the signal for a decline in money rates but, such is the immediate demand for credit, that no such development is to be expected. On the contrary, and perhaps regardless of what further measures are adopted to make the credit situation easier, many authorities believe that both short-term and long-term rates are bound to stiffen from this point. Short-term rates, of course, have already firmed materially and will probably continue to do so because banks can now find employment for most of their available funds on a medium or long-term basis. It is no longer necessary to accept merely "token" interest as has been the case so often in recent years. Frequently, also, the banks were practically forced to issue long-term credits at what was tantamount to a "riskless rate" of return. In short, it is now a seller's market for money.

Therefore, even though this may turn out to be a "2½% war" and whether or not the official rate is pegged at that level, the banking industry is beginning to obtain a higher average return on its loans and investments than has generally been the case in recent years. What is even more important, of course, is that total earnings assets will continue to grow by leaps and bounds and that gross income will be correspondingly increased. As to net earnings, it is largely a question of the form and extent of the new tax levies ahead of us. For example, the acute weakness in bank stocks last spring was due, in large part, to proposals of a 31% surtax which would be applicable to all net income. Inasmuch as banks have been relatively immune both to excess profits taxes and normal taxes, a heavy surtax rate would have increased their tax burden several-fold. The recent tendency to modify this feature of the pending tax bill has been most reassuring to the bank stock market.

In view of the vital part which the banking industry must play in our war effort, it is reasonable to expect that the Government will do everything to keep the banks healthy and strong. They will doubtless be permitted to set up generous contingency reserves and, in other ways, be encouraged if not compelled to strengthen their assets. Quite probably the outbreak of war marks the end of an era of bank persecution. Regulation and supervision will continue strict, which is as it should be. If, in the present boom period, banks can be prevented from acquiring a top-heavy position in real estate and speculative loans, neither the bankers themselves nor their stockholders will have any cause for complaint. Obviously, under present conditions, dividend policies will be ultra-conservative but, on the whole, dividend rates should be more consistently maintained than for the general run of common stocks.

Stock Clearing Corp. To End Night Branch

The Stock Clearing Corporation, affiliate of the New York Stock Exchange, announced on Aug. 24 that its "night branch" will be discontinued experimentally on Sept. 1. Abolition of the corporation, which was founded in 1892, was said to be decided upon since the number of stocks that can be balanced off, it was noted in the New York "Herald Tribune" has declined considerably in recent years to about 10% of its former volume. It is estimated that the elimination will save member firms about $100,000 a year in clearing charges.

The announcement, issued by John Dassau, First Vice-President of the Stock Clearing Corp., follows:

"Notice is hereby given to Clearing Members that all 'cleared stocks' are removed from the list of 'cleared securities' effective for transactions of Friday, Aug. 28, 1942, and Saturday, Aug. 29, 1942, to be settled Tuesday, Sept. 1, 1942.

"Contracts in all stocks on and subsequent to above dates will be delivered and settled through Central Delivery and Settlement Departments by the use of white charge tickets accompanied by white collective delivery or credit actual lists on which is listed only the money value of each delivery covered thereby and, in general, in accordance with the provisions of Rule 40.

"Since this method is largely experimental, continue to use present form of exchange ticket to make comparison through Distributing Department."

SEC Reorganizes Units For More Efficiency

Ganson Purcell, Chairman of the Securities and Exchange Commission, announced on Aug. 19 a reorganization of the internal set-up of the Commission designed 'to promote efficiency, economy and flexibility of operations in line with changed conditions."

Under the reorganization the present six divisions will be reduced to three and 93 positions now vacant on the staff will be abolished. One new section, Corporate Finance Division, is established, effecting a merger of several abolished units, including that of the Registration and Reorganization Divisions, the investment company section of the Investment Company Division.

Advices Aug. 19 to the New York "Herald Tribune" from Philadelphia said:

"The remaining portion of the Investment Company Division—the investment advisers section—is being combined with the Trading and Exchange Division.

"The office of General Counsel has been abolished, to be replaced by the office of solicitor, to which John F. Davis, now Assistant General Counsel, has been appointed. The Commission's general counsel, Chester T. Lane, resigned some time ago to join the Department of Justice.

"A portion of the investigative and interpretative staff of the legal division will be assigned to the counsel's office of the new division, and the remainder will be assigned to the newly created office of solicitor and to the new opinion writing office, which in the future will be directly responsible to the Commission.

"Baldwin B. Bane, present Director of the Registration Division, has been named head of the new Corporation Finance Division, with Andrew Jackson as associate director. Counsel for this division will be Edward Cashion, Harry Heller and Emmett McCrann will be assistant directors of the division.

"Under the reorganization the three main operation divisions are the Public Utilities Division, which has been left unchanged; the Trading and Exchange Division, to which has been added the investment advisers' section and the newly formed Corporation Finance Division."

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Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1941	£150,939,354

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General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors traders and travellers interested in these countries.

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47 Berkeley Square, W. 1
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DIVIDEND NOTICES

NEW YORK TRANSIT COMPANY
26 Broadway
New York, August 20, 1942.

A dividend of Thirty (30) Cents per share has been declared on the Capital Stock ($5.00 par value) of this Company, payable October 15, 1942 to stockholders of record at the close of business September 25, 1942.

J. R. FAST, Secretary.

UNION CARBIDE AND CARBON CORPORATION

A cash dividend of Seventy-five cents (75¢) per share on the outstanding capital stock of this Corporation has been declared, payable October 1, 1942, to stockholders of record at the close of business September 4, 1942.

ROBERT W. WHITE, Vice-Pres. & Treas.

DIVIDEND NOTICES

THE ATLANTIC REFINING CO.

PREFERRED DIVIDEND NUMBER 26

At a meeting of the Board of Directors held August 24, 1942, a dividend of one dollar ($1) per share was declared on the Cumulative Preferred Stock Convertible 4% Series A of the Company, payable November 2, 1942, to stockholders of record at the close of business October 5, 1942. Checks will be mailed.

W. M. O'CONNOR
Secretary

August 24, 1942

CANCO AMERICAN CAN COMPANY
PREFERRED STOCK

On July 28th, 1942, a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable October 1st, 1942, to Stockholders of record at the close of business September 17th, 1942. Transfer Books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

Allied Chemical & Dye Corporation
61 Broadway, New York

August 25, 1942

Allied Chemical & Dye Corporation has declared quarterly dividend No. 86 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable September 21, 1942, to common stockholders of record at the close of business September 4, 1942.

W. C. KING, *Secretary*

CALUMET AND HECLA CONSOLIDATED COPPER COMPANY
Dividend No. 41

A dividend of twenty-five cents ($0.25) per share will be paid on September 12, 1942, to holders of the outstanding Capital Stock of the Calumet and Hecla Consolidated Copper Company of record at the close of business September 1, 1942. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

A. D. NICHOLAS, Secretary.

Boston, August 20, 1942.

DU PONT E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *August 17, 1942*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable October 24, 1942, to stockholders of record at the close of business on October 9, 1942; also $1.00 a share, as the third "interim" dividend for 1942, on the outstanding Common Stock, payable September 14, 1942, to stockholders of record at the close of business on August 24, 1942.

W. F. RASKOB, *Secretary*

A. HOLLANDER & SON, INC.
Common Dividend

A dividend of 25c per share on the Common Stock has been declared, payable September 15, 1942, to stockholders of record at the close of business on September 5, 1942.

Checks will be mailed.

ALBERT J. FELDMAN, Sec.

Newark, N. J.
August 24, 1942.

INTERNATIONAL SALT COMPANY
475 Fifth Avenue, New York, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable October 1, 1942, to stockholders of record at the close of business on September 15, 1942. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, *Secretary.*

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of fifty cents (50c) per share on the common stock payable October 15, 1942 to all holders of record at the close of business on September 19, 1942.

SANFORD B. WHITE, Secretary.

Johns-Manville Corporation
DIVIDEND

The Board of Directors declared a regular quarterly dividend of $1.75 per share on the Cumulative 7% Preferred Stock, payable October 1, 1942, to holders of record on September 17, 1942, and a dividend of 50c per share on the Common Stock, payable September 24, 1942 to holders of record on September 10, 1942.

J. L. PICHETTO, *Assistant Treasurer*

AMERICAN POWER & LIGHT CO.
Two Rector Street, New York, N. Y.
PREFERRED STOCK DIVIDENDS

A dividend of $.75 per share on the Preferred Stock ($6) and a dividend of $.62½ per share on the $5 Preferred Stock of American Power & Light Company were declared on August 26, 1942 for payment October 1, 1942, to stockholders of record at the close of business September 8, 1942. These amounts are one-half of the quarterly dividend rates of $1.50 per share on the Preferred Stock ($6) and $1.25 per share on the $5 Preferred Stock.

D. W. JACK, Secretary and Treasurer.

The Securities Salesman's Corner

Even Shorter Prospectus Would Help Increase Sales

The SEC prospectus that securities salesmen are required to leave with investors is still too long. From a merchandising standpoint it is a sale killer. People don't like to read involved legalistic phrases—the facts are, that the very people whom the prospectus is designed to protect, through the disclosure of material and relevant data, are the very ones who are the least interested in wading through the average prospectus.

Why shouldn't the SALIENT FEATURES of an offering form the basis of the information that the salesman is required to leave with the investor? Then, if a request were made for further information, a more complete and detailed description of the offering (which is on file with the Commission) could be supplied. There should be a complete prospectus which carries all pertinent information that would be primarily used by dealers and institutional investors, as well as any individual who might request one for study and information. The law should not compel securities dealers and salesmen to place an involved and voluminous document in the hands of every prospective investor. In this way the responsibility under the law would still be placed upon the underwriter and dealer and it would be up to them to investigate every detail regarding an offering, rather than suggest, as is now done, that the customer likewise make almost the same sort of complicated investigation.

After all, why should the average investor be asked to struggle through legal phrasing, statistical tables and complicated data? This is the job of the securities dealer—not the investor. From a merchandising viewpoint such a procedure is putting the proverbial cart before the horse. There is no other business where such an unrealistic situation between buyer and seller is created. When you go to the clothing store to buy a suit the label is simply marked 100% wool. You are not asked to read a 10-page document which is descriptive of all the processes that went into the manufacture of the completed garment. In the long run you must rely upon the integrity of your dealer to offer you good value for your money—this is the rule in every other business—it's just about time we began to get back to this principle in the securities business.

The suggestion we would make to those attending the meetings between the SEC and the various branches of the securities business, which are now being held in Philadelphia, is as follows: First, shorten and tighten up the modified prospectus which is now in use. Eliminate everything but the essential details required to give the average individual investor an understanding of what he is buying. Keep the more detailed form as it is. Make this available, by request, for all those who desire more complete information. By doing this the law will still operate to protect the investor from misrepresentation and omission of material facts, but it will also help clear the way of one more obstacle to better relations beween the Commission and the industry as well as the industry and its customers.

Hart Heads SEC In Chicago

The Securities and Exchange Commission has announced that Thomas A. Hart has been appointed regional administrator of its Chicago office, to succeed W. McNeil Kennedy, who resigned to head the legal department of the Chicago office of the Alien Property Custodian. Ben S. Warren, Jr., who has been a member of the SEC staff in Chicago since 1938, succeeds Mr. Hart as assistant regional administrator.

Says Counsel Refused To Approve Capital Rule

(Continued from first page)

is no guarantee of honesty or integrity but he says that "meager capital or no capital at all and the abuse of public trust and the rules of the Association were inclined to go together." Does he believe that there are no such things as honor and character and that these qualities disappear in the face of vanishing capital and red operating figures? If he does, he must conclude that there are scarcely any worthy individuals in the securities business today. It is obvious that $2,500 or $5,000 is no cure for vanishing capital and operating losses. How then can he seriously say that minimum capital requirements are a step toward dissipating some of the temptation to restore a balance on a financial statement?

Mr. Baird also stated quite frankly that it is "impossible to specify the amount of capital which it was appropriate for every one of the members to employ in their business." He went further and said, "Obviously, capital should be related to the volume of business done and the size of obligations of the dealer and whether the organization does a cash or margin business." I agree with Mr. Baird in this respect, as obviously does the Director of the Securities Division of the Connecticut Bank Commisison. (See Association Exhibit No. 8.) The proposed rule certainly falls far short of any such standard as this.

Before concluding the portion of this letter relating to Mr. Baird's statement, I should like to call your attention to the irrelevance in this proceeding of a portion quoted by him from your body's decision permitting the registration statement of the NASD to become effective. On that occasion your body pointed to the absence of rules concerning the solvency of members or requiring regular or periodic inspections. While it cannot be said that at the present stage of the Association's development, inspections are regular or periodic, still, as Mr. Baird said, the Association has reviewed financial and business practices of over 2,200 members. Surely this is a step toward attaining the objective that your body referred to.

With respect to questions of solvency or insolvency, I believe that the Association, at least in the administration of its affairs in District No. 13, has to a large extent accomplished what your body hoped it would. In this connection, may I call your attention to the proceedings instituted by the District Business Conduct Committee of District No. 13 against William J. Stelmack Corporation, D. C. Webster, Kempshall & Hecht, Inc., and Quinn, Smith & Company, to mention a few names, which are not intended to be a complete list. In addition, District No. 13 has referred to your body's New York regional office and to the New York Attorney General the names of several Association members when serious questions of insolvency arose.

I point out the foregoing not only to show that the Association is progressing toward the objectives specified by your body but also to point out, in passing, that minimum capital requirements were not mentioned by your body in that decision. Mr. Baird now apparently wants to lead your body to believe that its comments on solvency were an endorsement of minimum capital requirements and this, it seems obvious, is not so.

When I appeared before your body I pointed out that the circumstances surrounding the vote taken by the NASD were such as to prevent a free expression of opinion from the members; that those who did not vote were afraid to do so for fear of reprisal; and that some of those who voted in favor did so because of economic sanctions they thought might be applied if they did otherwise. That this point in my argument was well taken now appears to be clear, for the Association has gone to considerable pains to analyze just how every member voted and just what members did not vote. Association Exhibit No. 5 contains everything except the names of the various members.

I therefore repeat what I said at the hearing—the vote should have been by secret ballot.

Very respectfully yours,
Frank Dunne, President,
New York Security
Dealers Association.

P. Johnston 25 Years With Chemical Bank

(Continued from first page)

the bank has made during this period, with total resources rising from the $50,000,000 level to over one billion dollars. Deposits rose from $37,359,610 to $1,009,608,632, while capital funds rose from about $12,000,000 to approximately $80,000,000. The part played by the bank of today in financing the Government in its war effort is reflected in this bank's U. S. Treasury holdings of $328,050,121, compared with the March, 1917, position, when the only U. S. Governments held were $450,000 of bonds to secure circulation. The Chemical Bank today ranks seventh largest in New York City, and tenth in the nation.

Mr. Johnston holds numerous directorships and has been recognized and honored by some of the highest positions in the banking and financial world. He is a past president of the New York Clearing House Association, a past chairman of the New York Clearing House Committee, a past president of the Reserve City Bankers Association, and this spring completed a two-year term as President of the Chamber of Commerce of the State of New York, and a like term as President of the Board of Trustees of Sailors Snug Harbor.

Wendell Now Member Of Chicago Exchange

CHICAGO, ILL. — Membership in The Chicago Stock Exchange has been posted for transfer to Barrett Wendell, Vice-President of Lee Higginson Corporation, 231 South La Salle Street, it was announced.

Mr. Wendell has been an outstanding member of the Chicago financial community for nearly forty years, during all of which time he has been associated with Lee Higginson Corporation and the predecessor firm. His corporation is the third to take advantage of the new rules of the Exchange which provide for the admission of officials of corporations engaged in the security business.

Salinger To Be Partner In A. Wiesenberger Co.

Allan B. Salinger will acquire the Stock Exchange membership of the late Charles K. Cook on Sept. 3 and will become a partner in Arthur Wiesenberger & Co., 56 Beaver Street, New York City, members of the New York Stock Exchange.

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Investment Trusts

"Some Candid Thoughts On Management"

"A man never looks or feels better than on the day he stands at the prime of life. Thereafter the change in him may be imperceptible at first, but nevertheless he has passed the peak.

"So it is with the market, with particular industries, with individual companies. They always look best at the top. That is, if one judges them from an emotional or superficial standpoint—which is exactly the way many investors do judge the securities they buy.

"Just what is good investment management? Or, to be more specific, what constitutes good management for (an investment) fund . . . where management plays so big a role?

"Is it good management to be constantly shifting funds back and forth on a quick-trade basis?

"Is it good management to 'trade down' the quality of the portfolio in a period of rising prices for the sake of maintaining income, or in order to pay big dividends out of realized security profits?

"Is it good management to rely on quality ratings in selecting securities for investment and in ruling out all issues which do not happen to fall within specified rating classifications?

"No—in our opinion good management is something else.

"When asked the secret of his success, the elder Rothschild answered that he 'bought sheep and sold deer.' If one disregards the accent, that, in a nutshell, is the answer to successful investment management. However, it is not an easy answer. Anyone who has ever had the responsibility of investing money will testify to that. It requires a highly specialized background and training, plus thorough security research—plus judgment! For it is the job of management to determine when a given security is cheap."— From Lord, Abbett's *Union Dealer*.

Dated Aug. 20, 1942.

The bulletin goes on to cite specific examples of the sponsor's management philosophy in operation as applied to Union Bond Fund "C" and ends with the following report:

"The daily performance of UBC is telling its own story of management — clearly and without bias. Here it is since the first of the year: Net appreciation in market price, 17.6%; estimated dividends for full year 1942, $0.48; equivalent at the present market to an annual rate of 8.4%."

From Investment Company Reports

Atlas Corporation reported net assets of $44,408,679 as of June 30, 1942, equal to $11.01 per share on the 2,421,165 outstanding shares of common stock. On Dec. 31, 1941, net asset value was $11.42 per share. During the first six months of this year the company acquired for retirement 19,875 shares of its own preferred stock and 49,244 shares of the common stock.

* * *

Boston Fund reports an increase of 11% in net asset value per share during the quarter ended July 31, 1942. Net assets on that date amounted to $6,420,167, equal to $11.66 per share on the 550,671 shares outstanding. These figures compare with net assets of $5,534,276 on April 30, 1942, equivalent to $10.49 per share on the 527,616 shares then outstanding.

* * *

Canadian Investment Fund, Ltd., had net assets of $7,144,924 on June 30, 1942. There were 2,409,660 Special Shares outstanding having a net asset value of $2.96 per share (Canadian funds).

* * *

Century Shares Trust at June 30, 1942, had net assets of $13,120,-

(Continued on page 713)

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Municipal News & Notes

Until last Monday all indications were that the status of tax exempt State and local securities would not be disturbed in the contemplated Revenue Bill. However, in a surprise move on that day, the Senate Finance Committee managed to tip over the apple cart. Voting 9 to 7, the Committee tentatively agreed to make income from future issues of such bonds subject to Federal income tax. This action reversed the stand of the House on the matter, which had disregarded the recommendation of Secretary Morgenthau to remove such exemption, since it constituted a "special privilege."

Senator George, the Chairman, in announcing the decision, emphasized that it was tentative. This was evidently taking wary cognizance of the strong opposition that was manifested at recent hearings by the heads of the Council of Mayors and numerous other municipal and State governmental organizations. Before the action of the Senate Finance Committee becomes law, it must be approved by both the Senate and the House, and with members of the House more apt to listen to the pleas of local officials, it would be surprising if in the final tax bill, provision will be made for taxation of the revenue from State and municipal securities.

Market Little Changed

Despite the fact that a dog which had been thought to be dozing suddenly barked, the municipal fraternity displayed little concern over the Senate Committee's action. They have adopted a policy of "watch and wait," since the whole subject is clouded and this latest move is regarded more or less as a trial balloon. Most issues remained unchanged in New York's trading marts, demonstrating that even unpredictable Washington moves are now being shrugged off by Wall Streeters. There appears little likelihood that approval of both Houses of Congress will be forthcoming this year on taxation of future issues.

Still, some dealers are said to have been disturbed on the theory that such an opening wedge will inevitably lead to a wide attack on outstanding local unit securities. Failure of outstanding bonds to move up in price is attributed to this feeling.

Local Housing Notes Ruled Exempt

The Bureau of Internal Revenue issued a ruling from Washington Tuesday that interest on temporary loan notes issued by local housing authorities "is exempt" from Federal income taxes. The Bureau reported that:

"Local housing authorities created pursuant to State law," which are the issuers of the temporary loan notes, "are not instrumentalities of the United States and, therefore, their obligations do not come within the scope of section 4 (a) supra, of the Public Debt Act of 1941, as amended." Hence such "temporary loan notes issued by the local housing authorities are exempt from Federal income tax."

Municipal Bond Club Special Meeting Called

A special meeting of The Municipal Bond Club of New York, to discuss the SEC full disclosure rule proposal, will be held this afternoon (Aug. 27), on the fifth floor of the City Bank Farmers Trust Company Building, New York City. Members are urged to attend this important meeting.

Municipal Bond Analysis Prepared

J. Austin White, proprietor of J. A. White & Co., Union Central Bldg., Cincinnati, advises us that his book called, "White's Analysis of Municipal Bonds," has just come off the press and copies are now available for distribution at $5 a copy.

We have not as yet had the opportunity to examine the book but Mr. White states that it contains rather extensive information concerning every county in the United States and every city of 10,000 or more population. He feels confident that the material contained in his 112 page publication will be of considerable value to anyone interested in municipal bonds.

The book concerns itself chiefly with two factors which are always of prime importance to those who buy and sell municipal obligations; the first of which is the characteristics of the population in any particular city or county, indicating the willingness to pay—secondly, the degree of diversification of economic pursuits, which represents the ability to pay.

Eight years of research work and five months of compilation was required to make public the information, says Mr. White, using Federal Census reports as his factual base.

Cities Practice Economies To Meet Effects Of War

Cities cutting corners in their budgets to counterbalance war-brought expenses and reduced revenues are making the saving chiefly by eliminating public works construction, reducing street maintenance and building inspection, and doubling up jobs left vacant by employes called into the armed forces.

This is the finding of a survey made by the International City Managers' Association, which secured reports on wartime economy measures of 12 cities.

Eight of the cities reported they are effecting their main reductions by reducing outlays for street and public works maintenance, and at least one other—West Palm Beach, Fla.—expects to save on street lighting through air raid precaution dim-outs. Mason City, Ia., and Asheville, N. C., said they were reducing building inspection personnel because of the drop in construction.

Altogether, nine of the cities have cut down personnel by curtailing services or by assigning employes still on the job to take over the work of those on military leave. Such reductions have taken place in Yonkers, Mason City, West Palm Beach, Asheville, Knoxville, Pasadena, Watertown, N. Y., Winnetka, Ill., and Rumford, Me. Yonkers' 1942 payroll has 600 fewer employes than it had in 1939.

Other services curtailed by the cities surveyed include garbage collection, police auto patrols, municipal advertising, recreation, weed-cutting, relief and welfare. Two of the cities—Sterling, Kans. and Winnetka, Ill.—reported they are saving money by refunding callable bonds.

Typical of the cities which have tightened their belts, according to the Association, are Asheville and Pasadena.

Bonds Voted And Defeated

While voters in July authorized the largest total of bonds since 1938, with an aggregate of over $8,000,000, this figure was largely accounted for by approval on July 21 of $6,500,000 Hampton Roads, Va., Sanitation District bonds. In June, approvals by voters totaled $6,836,000, while in July, 1941, the figure was $6,518,600. Proposals involving $2,674,000 bonds were rejected by voters in July, as compared with $4,329,000 for the same month last year. On July 28, an election in Laramie, Wyo., resulted in defeat for $1,500,000 light plant bonds.

On Aug. 4, voters of Wichita, Kan., turned down a proposal to issue $6,127,000 water system purchase bonds, but on the same date the St. Louis, Mo., electorate returned a favorable verdict for $4,500,000 airport site development bonds.

It is safe to report that new bond issues are not proving very popular with the great majority of voters in these times, the sole exception being proposals to finance airports. This indicates that Americans are ready to spend for defense, but not for non-essential projects. In pressing for approval of the St. Louis bond proposal, it was stated by the Chairman of the Airport Committee that several billions of dollars of invested capital is seeking commercial airport facilities beyond their own authority to create, and there is almost an equivalent amount in Federal funds to provide landing areas for the ever-increasing number of aircraft now in production.

There appears to be a feeling among municipalities throughout the country somewhat akin to the sentiment that prevailed during the period of wide railroad construction. This war is making average citizens far more air-minded than ever before and the sentiment is being aided and abetted by Government circles. Civic officials are of the opinion that commercial aviation will be greatly expanded when hostilities are ended, therefore it is their desire to have the communities they represent in the forefront of the movement. "More and better airports" is the watchword of the day. Fewer proposals are being considered by voters, due to the present exigencies, but aviation projects are enjoying their heyday.

To bolster our assertion that voters would favor airport proposals, the electorate of Kanawha County, W. Va., gave a 7 to 1 majority on Aug. 4 to the issuance of $1,000,000 bonds for such purposes.

At Cleveland's primary election on Aug. 11 the voters followed the war-conscious trend by turning thumbs down on two proposals totaling $5,000,000, neither issue receiving the required 65% majority. A $4,000,000 issue would have been used for city bridge repairs; the $1,000,000 bond issue was for municipal hospital repairs and improvements.

It is said that the city officials may seek to have the hospital bond issues resubmitted, on the ground that the badly needed repairs failed of approval by only a small margin. It appears unlikely that a similar attempt will be made on the $4,000,000 bridge bonds.

Conn. Rules British Held Property Tax Exempt

Personal property of the British Government in Connecticut must be exempted from taxation, the State Attorney General announced recently.

Although no provisions exist in the Connecticut General Statutes for making such exemptions, under international law "a sovereign state may not impose a tax upon the personal property of another sovereign state devoted to the public service of that state,"

"International law," the Attorney General said, "is a part of the law of the United States, established in this case, by agreement between the British Government and the Government of the United States. As such, it is the law of Connecticut and every other state in the Union."

Real property of foreign governments are not included in the international law agreements. Judge Pallotti said, and hence, is taxable. In the case of Great Britain, he said, very little real property exists in Connecticut.

Personal property of the British Government includes airplane parts, guns, ammunition and other materials of war and all types of lend-lease goods made or stored for shipment in Connecticut.

Although exempt from general assesment and taxation, the Attorney General said that such foreign properties are not exempt from the payment of direct taxes for service rendered, such as water taxes, and taxes which provide full and complete fire or police protection. Such levies must be paid by the government on all properties, real and personal.

Fla. Property Valuations Show Big Rise

The full valuation tax assessment laws passed by the Florida Legislature in 1941 showed total property valuations up as much as 600% in two counties and more than 500% in three others, according to recent Tallahassee advices.

For the whole State, assessed valuations shot up from $526,108,837 to $2,126,823,848, or 304.26%.

Little Gulf County, in the Tupelo honey country of West Florida, led all the rest, with valuation increases from $1,095,283 to $8,383,004, or 665.37%. Closely following was Martin County, down on the Middle East Coast, with a hike from $1,553,590 to $11,577,627, or 645.22%.

Figures on valuations for 1940—when assessments averaged 25% of full value—and for 1941, the first year of the full valuation laws, were compiled by the State Planning Board from records of the Comptroller's office.

N. Y. State Tax Revenues Cut By Gas Rationing

The New York State Tax Commission is currently mulling over a report from its President, Carroll E. Mealey, which shows gasoline rationing is biting into State revenues.

Mr. Mealey reported gasoline sales in the State were off 29% in June—the first full month of rationing in all but 10 counties of the State—and revenue from the motor fuel tax declined $1,400,000 from the corresponding period last year. The report also showed that, except for beer and wine, less alcoholic beverages are being consumed in the State, but that cigarette sales jumped slightly in July, compared to a year ago.

N. Y. City Post-War Construction Program

Mayor La Guardia received approval from the Board of Estimate last week on an appropriation of $10,331,555 in serial bonds and tax notes for the planning of a $628,000,000 city postwar construction program.

Authorization was asked to divide the planning fund between city department engineers and private engineering and architectural firms. Appointment of a special Post-War Planning Commission was recommended to consist of the comptroller, budget director, the city planning commission chairman and the city's chief engineer. All plans and surveys would have to pass this group before being acted upon by the Board of Estimate.

The planning fund would be spent within 18 to 24 months of the present date, officials said.

San Antonio Awards Bonds Litigation Pending

Officials of San Antonio, Texas, announced late Monday night the award of the $33,950,000 electric power and light revenue bonds to a banking group composed of A. C. Allyn & Co., E. H. Rollins & Sons, Inc., and the Union Securities Corporation. Proceeds from the issue are to be used to finance the acquisition of the physical properties of the San Antonio Public Service Company.

The next best bid for the bonds was tendered by a nation-wide banking group headed jointly by Halsey, Stuart & Co., Inc., and the Mellon Securities Corporation. The Allyn group submitted a combination bid for 2½, 2¾ and 3% obligations, maturing in varying amounts from 1944 to 1972. The interest cost basis to the city of the Allyn bid was 2.85%. The Halsey, Stuart-Mellon Securities bid was calculated at an interest cost basis to the city of 3.0419%.

It is indicated that the bonds were awarded subject to approval by the Attorney General, since litigation over the deal is still pending. Clarification is being awaited of the suit between the Guadalupe-Blanco Authority and the city of San Antonio over the method of converting San Antonio Public Service into public ownership. Guadalupe-Blanco, a Federal Government power authority, on July 13 brought court action against San Antonio city officials seeking to restrain them from proceeding with a contract for purchase of the utility. The Authority claimed that it had the right to take over the company's property.

The successful bid came as rather a surprise to municipal houses, but it must be borne in mind that the Allyn group had been acting as fiscal agents for the city of San Antonio in setting up the deal for acquisition of the San Antonio Public Service Company. For services in this capacity the Allyn group is understood to have been guaranteed a fee of 1½% of the total issue, or approximately $500,000.

New Orleans Schedules Bond Offering

New Orleans, La., announced late last week, a new issue of $12,000,000 refunding bonds, to be sold publicly on Sept. 15, in the event that a current plan for voluntary exchanges by bondholders of outstanding and callable 4% bonds for new 2% securities fails to reach a set figure by Aug. 31. The new issue will mature Sept. 1, 1943 to 1950, and bidders are to name a coupon rate of not more than 2%.

The plan upon which the new issue is contingent calls for acceptance by 90% of holders of $12,000,000 4% bonds due 1950, but callable since July 1, 1942, of the lower rate of 2%, which is estimated to be the rate at which the community can borrow for the term of the loan.

If acceptances to that extent are not available on Aug. 31, the city will call the entire outstanding issue and refund with the new loan now announced in accordance with Louisiana State laws. Last reports available in New York indicated that $9,942,000 of the 4% issue has been tendered for exchange, against the minimum of $10,800,000 required.

Ark. Road Yield Increased In 1942

Highway revenues of the state of Arkansas in the first seven months of the year have surged 3.2% ahead of receipts in the comparable 1941 period, figures supplied by the state's department of revenues showed recently. Total net revenues for the seven months amounted to $9,495,115, compared with $9,200,138 last year.

This showing comes as a direct contrast to the experience of some states, which have been faced with the problem of dwindling highway revenues as a direct result of restrictions placed on the sale of tires and, in some cases, the rationing of gasoline.

The advance in the state's highway revenues largely has been brought about by the location of army cantonments, airports, other governmental agencies, and national defense industrial plants in the states. Earlier this year, Governor Homer M. Adkins said it was his opinion that the large number of motor vehicles brought into the state, because of this increased activity, would tend to offset any reduction in taxes that might occur as a result of tire rationing and other factors.

The Governor also stated that notwithstanding tire rationing and threatened reduction in the use of automobiles and gasoline consumption, the state was in a stronger financial position than ever before and that it did not have to worry about meeting principal and interest requirements on outstanding indebtedness.

Miss. Lists Large Cash Surplus

Those who advocate more sales taxes to solve State and Federal fiscal problems during wartime may find considerable aid and comfort in a Census Bureau analysis of Mississippi's finances. Comparing Mississippi's operation with that of other States, the Bureau found that the general and special sales taxes there accounted for a greater proportion of public revenue than in any other state—48%.

And Mississippi has just accomplished the feat, amazing even to its own officers whose business it is to look ahead for revenue trends, of ending a fiscal biennium with some $9,000,000 cash surplus in the treasury.

Whatever objections in principle opponents of the sales tax make, few deny that it is of all taxes the most promptly responsive to a quick business pickup which puts money into circulation. It was the sales tax, boosted by a period of good crops but especially by booming defense and then war activities, which filled Missisisppi's treasury to overflowing.

The same tax inevitably will play an even larger proportionate part of the state's future financial arrangements as a result of the 1942 Legislature's lowering of income and ad valorem tax rates.

Calif. Free From Warrant Debts

Improvement in the fiscal affairs of the State of California, which resulted in removal of all registered warrant indebtedness in the last fiscal year, was continued in July, a report from Harry B. Riley, State Comptroller, showed recently.

The State closed the month, the first of the 1943 fiscal year, with a general fund cash excess of $29,892,253, which compared with a cash deficiency of $57,279,989 on July 31, 1941. On the latter date the State did have available cash of $33,359,898, but it also had current indebtedness of $90,639,892, of which $86,800,438 was represented by registered warrants outstanding. The report for last month showed that the State was free from current indebtedness.

The State late in 1941 decided to operate on a strictly cash basis. Up to that time, current operations had been financed largely through the issuance of registered warrants, against general fund receipts. The last of outstanding warrants, aggregating $54,407,272, were redeemed on Feb. 28. In the entire fiscal year ended June 30, the State called $125,863,014 in warrants.

So. Dakota Gasoline Revenues Up

Motor fuel tax receipts by the State of South Dakota in the fiscal year ended June 30 set an apparent peak at $6,028,635, and compared with $5,653,074 in the 1941 fiscal year, state figures showed. Receipts for the first six months of 1942, the last half of the fiscal year, aggregated $2,521,856. The state on June 30 had a general fund balance of $4,013,950 and a rural credit general fund balance of $1,858,612. As of June 30, total net indebtedness amounted to $30,973,056, compared with $32,485,298 a year earlier. The state's net indebtedness has shown an almost progressive decline since the end of the 1926 fiscal year, when it totaled $59,471,245.

Drainage Projects Serve 12th Of U. S. Farm Lands

One-twelfth of the nation's farm lands—an area equal to the combined states of Indiana, Ohio and Illinois—is served by organized drainage enterprises, the Census Bureau reported recently.

In those widespread drainage enterprises, the bureau added, 146,152 miles of open ditch, 55,734 miles of tile drains and 6,793 miles of levees have been built by drainage enterprises.

Total drainage investments in 38 of the nation's 48 states amount to $691,724.519, expended in drainage district efforts to improve farm lands, remove alkali or seepage from irrigation, protect against overflows, and reclaim swamp lands.

Most drainage acreage is in Indiana and Minnesota with more than 10,000,000 acres each.

Among the states and acreages under drainage enterprise treatment, the bureau said, were:

Arizona, 298,633; Arkansas, 4,592,738; California, 2,667,194; Colorado, 468,322; Idaho, 659,136; Illinois, 5,091,364; Iowa, 6,164,344; Kansas, 258,113; Kentucky, 465,270; Michigan, 8,978,386; Minnesota, 10,990,409; Missouri, 3,087,063; Montana, 372,661; Nebraska, 916,181; Nevada, 153,373; New Mexico, 305,885; North Dakota, 1,376,041; Ohio, 7,729,267; Oklahoma, 197,646; Oregon, 348,825; South Dakota, 676,472; Texas, 4,218,850; Utah, 202,058; Washington, 405,709; Wisconsin, 761,203; Wyoming, 312,662.

Illinois' Funds At High Point

The State of Illinois closed the fiscal year ending June 30 with a net balance of $38,393,387 in its general revenue fund, as compared with a balance of $10,722,247 a year earlier, the eighth annual analysis of state funds prepared by the department of finance showed recently. General fund receipts for the fiscal year amounted to $108.213.610 and expenditures were $80.542,470, leaving a surplus for the period of $27.671,140. This amount, together with the balance of $10,722.247 at the start of the year, brought the net balance as of June 30 to the $38,393,387 figure.

In the fiscal year ending June 30, 1941, the state had general fund receipts of $74,324,525 and expenditures of $71,804,073, leaving a surplus of $2,520,451. The general fund is used for general state purposes, including executive departments, courts, the general assembly, charitable and penal institutions, revenue collecting divisions, state share of old age assistance, partial support of the teachers' colleges and the University of Illinois, and other items.

Canadian Bonds Continue Strong

Municipal bond men in this country are following with interest the continued market firmness of various Canadian provincial government obligations outstanding in the United States. There is a tendency toward reduced differentials on prices as between various Provincial government obligations since adoption of the plan whereby the Dominion of Canada for the period of the war emergency has taken over certain taxing powers held by the various provinces.

Under the plan the Dominion guarantees the provinces certain fixed annual sums based either on past income from sources relinquished or on their annual bond interest requirements. Among the sources now guaranteed by the Federal Government to the political subdivisions is the revenue formerly derived from gasoline taxes. This naturally is of no little significance under present conditions, and is considered as placing the Dominion of Canada back of provincial government credit in a more realistic way than ever before.

Among the less highly regarded Canadian provincial issues which have improved considerably since adoption of the plan are Albertas, Saskatchewans and Manitobas. Ontarios, Quebecs, British Columbias, Nova Scotias and New Brunswicks always have ranked rather high on Canada's provincial credit list.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.)

September 1

$485,000 Maryland (State of)

This certificate offering, maturing in 1945 to 1954, is included here because of general reader interest. State awarded long-term certificates last February to Clark, Dodge & Co. of New York, whose bid topped the joint offer of Harriman Ripley & Co., Inc., and the First Boston Corporation.

September 11

$799,444.73 Minneapolis, Minn.

Last April the city awarded bonds to a syndicate headed by Halsey, Stuart & Co., Inc. The Northern Trust Co. of Chicago, and associates, were the runners-up in the bidding.

September 15

$12,000,000 New Orleans, La.

Syndicate headed by Halsey, Stuart & Co., Inc., successful bidder for issue offered in November, 1939. Second highest offer submitted by Hyams, Glas & Carothers of New Orleans, and associates.

September 22

$500,000 Honolulu, Hawaii

In June, 1941, the above city and county awarded an issue to Dean Witter & Co. of San Francisco. The only other bid for the bonds was submitted by the Bank of Hawaii, Honolulu.

Investment Trusts

(Continued from page 711)

440, equivalent to $22.01 per share before deducting the dividend of $0.42 per share payable Aug. 1.

* * *

Keystone Custodian Fund, Series "B 1" reported net assets as of June 30, 1942, at $2,004,973, or $25.83 per share. This compares with net assets of $1,825,209 on Dec. 31, 1941, equal to $26.54 per share on the smaller number of shares then outstanding.

Keystone Custodian Fund, Series "K 2" in its annual report for the fiscal year ended June 30, 1942, listed net assets at $414,746, equivalent to $9.56 per share. On June 30, 1941, the net asset value per share was $12.13.

* * *

Republic Investors Fund, Inc., a leverage fund with bonds and preferred stock in the capital structure, reported net assets at June 30, 1942, of $847,775, equal to $2.38 per common share. This compares with a net asset value of $2.70 per share on Dec. 31, 1941.

* * *

Sovereign Investors, Inc., had net assets of $353,116 at June 30, 1942. This amounted to $4.67 per share on the 75,518.4 shares outstanding as of that date.

* * *

Wellington Fund, Inc., for the six month period ending June 30, 1942, shows net assets at market value amounting to $5,518,905, compared with $5,389,512 as of Dec. 31, 1941, or an increase of $129,393 for the period. Net asset value at the close of the period amounted to $11.98 per share after payment of $0.36 per share in dividends during the period. This compares with a net asset value of $12.33 per share as of Dec. 31, 1941.

* * *

Investment Company Briefs

The intermediate trend of stock prices is confirmed as upward in the Aug. 20 issue of National Securities & Research Corp.'s *Investment Timing* service. Says the Service, "The indications are that higher prices will be seen before any extended down movement gets under way." The Service also contains an interesting discussion on the importance of "velocity" in stock selection.

* * *

The Aug. 14 issue of *Keynotes* outlines a "balanced investment program for $10,000." The list contains 30% income preferred stocks, 30% income common stocks, and 40% discount bonds to yield an approximate current return of 8.6%. The three classifications are represented by Keystone Custodian Funds, "B 3," "K 1" and "S 2."

* * *

Under the title, "Banks' Earning Assets Expand to Record High," Hare's, Ltd., has published a new folder on the 15 New York City bank stocks in the portfolio of Bank Group Shares. According to the folder, "Currently the stocks of these 15 banks are selling at an average ratio of only 76% of book value. In the past their securities have been considered desirable when selling around 170% of book value and with a dividend yield as low as 3%. Their average yield is presently 5.5%."

* * *

Republic Investors Fund, Inc., is out with an attractive six-page folder, "Leverage In Action." In addition to stressing highlights of the Fund, a nine-year record of performance is given.

* * *

The August issue of Calvin Bullock's *Perspective* deals with the domestic fats and oils situation under the exigencies of war. "Guns or Butter?" is the apt heading of the discussion. This sponsor has also recently published a folder on Dividend Shares to be used in connection with a letter from the dealer to the prospect. Sample letters are provided with copies of the folder.

"How You Can Buy Into American Industry" is the title of a new folder on American Business Shares. It is a simple, clear-cut exposition of the advantages of owning securities through that fund. Incidentally, the latest issue of Lord, Abbett's *Abstracts* takes a novel viewpoint which should be of particular interest to dealers.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Alfred Blumenthal to Milton Wasserman will be considered on Sept. 3. Both are partners in Wasserman & Co., New York City.

With the retirement of Earle T. Shaw as general partner and Bell McK. Watts as special partner in Fellowes Davis & Co., the present partnership will be dissolved as of Aug. 31 and a new partnership will be formed consisting of Philip P. Getty, Samuel H. Watts, member of the Exchange, R. Snowden Andrews, member of the Exchange, and Ralph P. Hinchman, Jr. The firm name will continue to be Fellowes Davis & Co.

Julius C. Peter retired from partnership in Crouse, Bennett, Smith & Co., Detroit, Mich., on Aug. 15.

Nathaniel Parkinson withdrew from partnership in Hutchins & Parkinson, Boston, Mass., on Aug. 18.

Interest of the late W. Harry Glenny, limited partner in Doolittle, Roth & Schoellkopf, Buffalo, N. Y., will cease on Sept. 24, 1942.

Florida Firm Cited

Guaranty Underwriters, Inc., Jacksonville, Fla., has been cited for a hearing by the Securities and Exchange Commission to determine whether the registration of the corporation as broker-dealer should be revoked because of alleged frauds perpetrated against customers.

It is charged that Guaranty Underwriters solicited accounts of uninformed persons on the pretense of serving their best interests, when actually the firm sold to such persons "various securities at prices far in excess of the prices which the registrant paid for such securities, and far in excess of the prevailing market prices therefor." The Commission also charged that Guaranty Underwriters withheld information on market prices from its customers and made false representations as to a group of oil royalties sold its clients, sold oil royalties not registered with the Commission, and carried on securities transactions otherwise than on a national securities exchange. The Commission also alleged that the mails had been used in inducing such transactions.

The case held greater than usual interest, it was declared by a spokesman for the Commission, since the charges are of the type that the proposed disclosure rule of the Commission is designed to prevent.

Brennan Is Buck Partner

John F. Brennan, member of the New York Stock Exchange has become a partner in Richard J. Buck & Co., 39 Broadway, New York City, members of the New York Stock and Curb Exchanges. Mr. Brennan has recently been active as an individual floor broker. Prior thereto he was a partner in Stein, Brennan & Co.

To Be Sweetser Partner

Robert A. Halket will become a partner in Sweetser & Co., 65 Broadway, New York City, members of the New York Stock Exchange, as of Sept. 3.

New York City Gains On Convention Relocations

The New York Convention and Visitors Bureau of the Commerce and Industry Association of New York, Inc., on Aug. 19 released a list of 40 associations that had originally intended to hold their conventions in other cities but finally, because of lack of hotel or transportation facilities, decided to avail themselves of New York City's superior accommodations over those of the city they had originally selected. The list also discloses 22 associations originally scheduled to meet here, but decided to cancel their conventions. In indicating this the Bureau said:

"The two lists revealed that the expected out-of-town attendance at the conventions which changed their locations to New York City would be 19,025 persons, while the 22 canceled conventions were expected to have an out-of-town attendance of 12,735. This leaves a net gain in conventioners for New York City of 6,290. Figured on the basis of $100, which is the average amount spent by each delegate attending a convention in New York City, a net financial gain over loss has been made of $629,000."

In releasing the list C. N. Nichols, Executive Director of the Convention Bureau, pointed out that 15 of the 40 conventions transferring to New York City had come out of resorts and that 9 were originally scheduled to be held in Washington, but because of crowded hotel conditions were compelled to move. To date, New York City has secured 3 of the conventions that had been scheduled for Atlantic City where the Government has taken over many hotels and it is expected others will be attracted here.

It is also pointed out by the Bureau that during 1941 there were 537 conventions held in New York City and that the 1942 bookings to date show 553 meetings scheduled for this city. The increase is attributed to availability of hotel facilities, greater ease of transportation in and out of New York and the regular natural desire of persons everywhere to see New York City.

Stirrup Pumps Delayed

James M. Landis, Director of the Office of Civilian Defense, predicted on Aug. 13 an indefinite delay in the production of stirrup pumps for fighting fire bombs in case of air raids. According to the New York "Times," he attributed this to military demands for the plastic, polyvinl-butyral, a substitute for rubber used in hose. The "Times" also said in part:

"The substitute was developed at the request of the OCD when it found last May that rubber hose could not be obtained, but the Army and Navy have requisitioned the entire supply because of its usefulness in many forms of waterproof garments and containers, according to a statement by Mr. Landis issued at the Second (N. Y.) Regional Headquarters of the OCD. . .

" 'Every possible source is being explored to develop another satisfactory stirrup pump hose,' Mr. Landis said. 'The military uses of the plastic were discovered only recently. In fact, bids on 2,258,000 pumps and 22,580,000 feet of hose had been opened and the Defense Supplies Corporation was ready to let contracts when we were informed Aug. 4 that priority for hose previously assured us had been denied. If the Army and Navy require this material for military purposes, then obviously it is up to civilians to step aside. The needs of our armed forces must come first. We are exerting the utmost effort to find ways to meet civilian needs for protective equipment without interfering with military demands.' "

Securities Industry To Wage Bitter Fight Should SEC Insist On Bid-Asked Rule

(Continued from page 707)

fair profit. In the long run, an investor would far rather have an investment house receive adequate remuneration for their expense and efforts in handling the account, and have the results satisfactory from the investor's standpoint, then to do business with a firm which made no charge of any kind but consistently lost money for the client.

However, human nature being what it is, it is only logical that if the inside market on "X" Corporation today is quoted 20 bid, offered at 20½ and the investment house is forced to put this on their confirmation and blatantly call the attention of the client to the fact that the house paid 20½ for the stock and is billing it to him at 21¼—which represents a profit of 3.66%, or $75 on 100 shares—the investor's reaction would be that a New York wire house would execute this order for him on a commission basis and that his net cost would be approximately $2,075 instead of $2,125 for 100 shares.

The wire houses do not explain nor does the investor take into consideration that each investment house has a selected, approved list of securities, which in a great many cases they have specialized in for years and which they spend days, weeks and even months in thoroughly investigating the individual securities before placing them on their approved list and who constantly keep in touch with developments affecting the various companies dividend outlook, markets, etc.—none of which the wire house has to do or is interested in doing in connection with unlisted securities. Furthermore, we feel that the investment house is justified in making more than a brokerage profit because the objective is to place the financial affairs of their customers in the best possible position and then do as little trading in the account as is necessary to protect principal. The brokerage house on the average turns over the customer's securities several times as often as the investment house. Although the unit cost of the transaction is smaller with the broker, the gross profit averages at least as much owing to the rapidity of the turnover.

This business at the present time is staggering under a multiplicity of reports, forms, records, etc., that must be kept to comply with regulations already issued. The additional records required under this proposed rule would just be an additional straw on the shoulders of a business which has only been able to survive by the most drastic economies and the greatest efforts of men who have spent their lives learning their profession.

Furthermore, it has been our observation that practically without exception when a large block of a listed security is offered to the public off-board by a brokerage house that the market price almost immediately declines—in some cases, drastically. The broker does not have to reveal that he is making from one to several dollars a share from his customer. In purchasing and selling over-the-counter securities in small blocks with a reasonable profit to the dealer added, the appreciation in the price of the security—if the selection has been well made—will absorb the load and show a net profit to the investor on the average sooner than the listed security will recover from its decline immediately after the distribution of the large block.

In conclusion, we feel that if the National Association of Security Dealers does not make an all-out, last-ditch fight against proposed Rule No. X-15C1-10, which means the death sentence to the business hopes and aspirations of thousands of conscientious, trained investment dealers all over this country, it is not representative of the business as a whole and that the dues paid by such dealers are wasted. The time for weaseling acquiescence to any and all ideas propounded by the Brain Trusters of the SEC, who have never had the worries and responsibilities of running an investment business, is past.

No one would hire a lawyer who constantly lost cases for his clients nor a doctor whose patients die from his inadequate efforts and ability. On the other hand,, a lawyer who wins his cases and a doctor whose repute and ability are unquestioned, is worth practically any fee that he charges. Why should an investment professional man not be allowed compensation on a similar basis.

In our opinion, it is a case of fight or die!—(From a Los Angeles Calif., Dealer)

DEALER No. 21

If the National Association of Securities Dealers, Inc., is worthy of its keep, it is this organization's duty to fight to the limit of its ability and resources against the SEC Proposed Rule X-15-C-1-10. For what purpose was the NASD established anyhow. True members did receive a very weak letter from the Association requesting (and I quote) "The Executive Committee asks each member to submit to the Association any and all suggestions and criticisms of this Proposed Rule which the member feels will be helpful to the Association's response to the Commission's invitation."

An invitation to what? Why an invitation to the demise of the right of free enterprise as applied to the securities business. All the provisions of Rule X-15-C-1-10 are covered under the self-governing provisions embodied in the Certificate of Incorporation of the National Association of Securities Dealers. One hundred percent of the unlisted members of the NASD certainly oppose this rule.

The National Association of Securities Dealers cannot afford to lose this fight. I can think of no other reason for its existence.—(From a New York City Dealer)

DEALER No. 22

Montgomery S. Lewis, President of the State National Securities Corp., of Indianapolis, Ind., furnishes us with the following copy of a letter written by him to the SEC:

Re: Proposed Rule X-15C1-10

I have given a great deal of study to the provisions of the above rule in a sincere effort to try to determine its purpose and its effect both on the business of the over-the-counter dealer in securities and on the individual investor.

The purpose of this proposed rule is not clear, but it would seem to be an attempt to prevent large or extraordinary profits being made by dealers. The difficulty of determining what is an exorbitant profit is very great. Many elements must be weighed and considered and there is no need to outline or discuss them here. I firmly believe, however, that there are very few security dealers who endeavor to take advantage of their customers by consistent over-charges or underbids. The vast majority of dealers are sincerely trying to give a "square deal" and they know that they cannot expect to stay in business unless they do so. It is rare for the "gyp" dealer in any business to stay in business for any considerable period of time. But while in business he is skillful at evading and circumventing laws and regulations. This proposed regulation can be evaded without much difficulty by one who values long profits more than reputation. The rule, as proposed, provides the method for circumvention. There are already in force rules and regulations against exorbitant profits and the dealer is required to keep books and records which are subject to examination and which set out the profit made on every transaction. It is difficult to see how the proposed rule can strengthen those already in effect, except as it requires a dealer to tell a customer what his competitors prices are and in some cases causes him to disclose his cost price.

If a dealer in securities is required to state the prices of his competitors, should not every merchant and dealer be required to do the same and if necessary to disclose his cost price and profit? And should not a lawyer be compelled to tell his client the best price he has been able to locate among other lawyers for the same service or advice? Or a doctor tell his patient what other doctors would charge for an office visit or an operation? There is no difference, for the security dealer, the merchant, the doctor and the lawyer; each has something to sell. In every field there are a few high price and long profit boys, but in every field these are outnumbered a hundred to one, in my opinion, by the honest, sincere dealers, merchants, doctors or lawyers who seek to build up their businesses by a reputation for being square shooters.

It appears to me that this proposed rule completely fails to consider or understand certain phases of over-the-counter dealing, particularly in smaller communities which have small issues of local securities that are not quoted in any newspaper. It often happens that there is but one market for a certain security which may be the house of origination. Many firms do not trade in these securities except as they may have occasion to sell to the one firm that is the market. It is not possible for that firm to get other bids and asks. Then, under this rule, it must tell a customer what it paid for the security within 60 days. Let us take a case where on May 1 a dealer bought 50 shares of a certain stock at 40 and found that none of his customers was interested in buying and that on June 15 he still had the 50 shares. A customer wants a bid on 25 shares more and the dealer has every legitimate reason for feeling that his bid of 40 was too high. He drops his bid to 37½ but must tell his customer, "I will pay you 37½. On May 1 I paid 40." The customer will be hard to convince that he is being fairly treated. Investors may expect price fluctuations in the securities listed on the New York Stock Exchange, but many of them simply do not understand why a local security should change in price particularly if the change is downward. It actually happens that a customer will sometimes say, "I sold you 10 shares of this stock a year ago for 50. I can't see why you will only pay 40 now." When the dealer tries to explain that he can't sell stock which he owns for 50 and that he has some which he would be glad to sell for 42, it often is made clear to him that the customer does not believe him, for the customer having once received 50 has this price fixed in his mind as a proper and fair one. Those who have not had wide experience in the smaller local securities that have no newspaper quotations and are not actively traded in by many dealers, simply do not understand the many complications that will arise under this proposed rule. Legitimate dealing in such securities will be greatly hampered, in my opinion and dealers may confine their activities to such securities that are quoted in papers and have active trading.

In the cases of active securities, however, the complications caused by this proposed rule will be many. The conscientious dealer would be compelled to call his competitors every day in order to ascertain their bids and asks. He could not make or confirm a bid until he had done so. Let us take a case of a security that enjoyed an active market with several local dealers interested. Dealer A might feel that a security was worth a bid of 40, for example, and would be willing to pay that. He calls other dealers and finds that the best bid they offer is 39. Dealer A may decide that he was over optimistic and will drop his bid to 39, or, if he still wants to be top, to 39¼. The low bid will tend to become the general bid and the high ask will become the prevailing ask. Real competition will be hindered and price fixing will be encouraged by the workings of this proposed rule. That, at least, is my belief. The customer will not be benefited and he will know that dealers have compared notes and, indeed, have been compelled to compare notes by this rule which while designed to protect him is in reality injuring him by destroying competitive bidding.

If the dealer knew that a security was traded in in Indianapolis and Chicago he would be compelled to get the best bid and ask price in both markets in order to give his customer the information required under this rule. Greater activity in the security in one market as compared to the other migh result in higher prices which would put the dealers in the less active market in an entirely wrong light in a customer's eyes. But the customer must be told the best bid and ask and if Chicago's ask were less than that prevailing in Indianapolis, Indianapolis would be compelled to drop its price and likewise its bid, so as to conform to Chicago.

So many complications, so many difficulties can arise under this rule that I frankly do not see how it can be made practicably workable. Even assuming that it can eliminate "long profits" in the minority of cases where such profits are made, it will, I believe and as I have stated, tend to eliminate competitive bidding and to encourage price fixing to the end that the low bid and the high ask among dealers becomes the prevailing bid and ask. Thus the effect of this rule will not be generally beneficial to investors, but, and this is my sincere belief, generally harmful in more ways than one. It may even, in cases of certain local securities, have a tendency to destroy markets that now exist.

I hope you will see from this discussion that I have made an honest effort to study this proposed rule and to analyze it and that I have tried to pass on to you, as dispassionately as possible, reasons why I believe it to be unworkable and harmful to investors as well as to dealers. I have not dwelt on the fact that I do not see how it can be enforced, or how, if that be possible, it can do more to eliminate exorbitant profits than can now be done under regulations already in effect. Nor have I more than mentioned the fact that the rule can be readily circumvented or evaded by one determined to do so. And the one at whom this rule is probably aimed, the long-profit boy, will be the one who will use the way provided by the Act itself to evade and get around it.

In all earnestness and sincerity I urge that this rule be not made effective.

Respectfully yours,

STATE NATIONAL SECURITIES CORPORATION
(Indianapolis, Ind.)
MONTGOMERY S. LEWIS, President

DEALER No. 23

Walter E. Devlin, Vice-President of Conrad, Bruce & Co., Los Angeles, Calif., sent the following letter to the Investment Bankers Association, Chicago, Illinois:

I have received a letter from the President of our association, Mr. John S. Fleek, enclosing the proposed SEC rule on market price disclosures in over-the-counter transactions.

I probably, along with practically all other investment dealers in the country, feel that this proposed rule, if adopted, would about eliminate the activities of this branch of the security business. As I understand it, this rule has been talked of as an "equalization" method. In other words, it is undoubtedly the thought of the SEC to endeavor to have the over-the-counter business conducted on the same profit basis as securities listed on the National Exchange. I could bring out in this letter that the profits that the honest investment dealer has in the unlisted securities are justified because of the service that he renders to the investor. The answer, of course, to this would be that if the investor appreciated the service he wouldn't hesitate to know the amount that he was paying for it; in other words, the profit involved in the transaction. This I know, of course, is a pretty hard one to get around, however, if one examines other lines of business, he would find that there probably would be hesitancy on the part of many buyers in retail stores if the retailers were required to give to the customer the wholesale price or their cost before the transaction was completed. As far as I know, there is no other line of business that requires the dealer to divulge his costs; why should it be necessary in our business?

Probably the main reason that the SEC is proposing such a rule is with the thought that they want to protect the investor. If they feel that the investor needs protection, it must be that they have had some complaints. I wonder how many in number of complaints that the SEC have had over a period that they have been in business as compared with the total number of over-the-counter transactions that have taken place within the same time. I frankly believe that the percentage would be extremely low. In other words, will all the security dealers of this country be forced to retire simply because a very small percentage of the total transactions have carried profits that the SEC would term unethical? Needless to say that security dealers perform a very important function in our economy and that the investors throughout the country would fare badly if we are forced out of business simply because a very small number of dealers have been somewhat unethical in their practices.

It is, of course, definitely known that the investment dealer could not survive on the basis of competing with National Exchange brokers on the basis of charging the same commissions that are charged on the National Exchanges. If it is the thought of the SEC that they want the over-the-counter business handled with the same amount of profit as listed securities, it would seem that they have not done the necessary amount of research and study of our industry so as to determine the values that are rendered to the investor. I think it is generally agreed that the cost of obtaining an order on a listed security is considerably less than that of an investment dealer. The reason for this is that a large percentage of the orders placed with National Exchange houses are from customers who are in and out of the market. In other words, they have many transactions per customer. Practically the reverse is true of the investment dealers. When he sells unlisted securities to an investor, it is usually held for a long period of time and the cost of obtaining the order, plus the cost of research and analytical work involved make it necessary for this type of transaction to carry a larger profit.

I am quite sure that if there will be close cooperation between the Investment Bankers Association, the National Security Dealers Association and the SEC, that this particular problem can be worked out to the satisfaction of all concerned, but to adopt a ruling such as suggested would probably mean the annihilation of practically all of the investment dealers.

Yours very truly,
CONRAD, BRUCE & CO., Los Angeles, Calif.
WALTER E. DEVLIN, Vice-President

Note: Copy of letter was sent to the National Association of Securities Dealers, Incorporated.

DEALER No. 24

H. R. McClure of Harold McClure & Co., Warren, Pa., wrote to the N. A. S. D., Philadelphia, Pa., as follows:

We have carefully examined proposed Rule X-15C1-10 of the Securities & Exchange Commission.

The intent of the proposed rule is apparently to prevent securities dealers from charging inordinate prices for securities sold, or paying unduly low prices for those purchased. If any practical application of the rule is able to accomplish that, then it would seem to have merit—always providing the ultimate effect is not to narrow the margins between the bid and asked prices to such an extent that over-the-counter dealers cannot afford to deal in such securities at all.

From our own experience let us cite a case where the rule would hardly be practically applicable. We specialize in a local stock, which we shall call "A." As specialists, we are one of the few who buy the stock outright before having orders in hand to accomplish its sale. We continually not only make a nominal but an actual market, being willing to buy at our bid price and willing to sell at our asked price—the spread being from one-half to a point, depending on conditions. In other markets, it is possible to obtain quotations on this same stock—the bid being about one-half point under our own. When one tries to "hit" these bids, however, it is usually disclosed that the quoter has no actual buying orders in the stock and is merely after a shopping position, if interested at all. On the other hand, attempts to buy stock from these dealers at their offering price, usually divulges the fact that they have no stock for sale. Thus, we, ourselves, may be said to be the only true and consistent market for the stock. Question: If the makers of the nominal market quote the above "A" stock 10 bid—offered at 11¼ and our actual market is 10½ bid—offered at 11½, what figures would be used in disclosing to the customer the actual bid and asked prices?

As a matter of policy, we almost invariably tell our customers what profits we are making on securities they buy from us, whether compelled to do so or not. One who consistently maintains a long position in a stock over a period of time, must sell occasionally at a loss. The customer would never object to that. On the other hand, a judicious purchase at the right time might enable one after a lapse of several months to realize what would look like an unfair profit on the "A" stock because of changed general market conditions. We have seen both of these things happen to us in our dealing in "A" stock.

Perhaps the formulators of Rule X-15C1-10 have in mind some special rulings to take care of such cases as are above cited. In that event, we would be inclined to favor the adoption of the rule.

Cordially yours,
HAROLD McCLURE & COMPANY

DEALER No. 25

At an open meeting of the dealers held in New Orleans on August 5th, called on the invitation of John B. Shober and M. B. Wheeler, of the NASD, and Errol Buckner, of the I. B. A., the proposed new rule of the SEC, entitled X-15C1-10, was opposed for a number of reasons, but principally as follows:

1. While unfair practices may still possibly exist in isolated cases, the proposal does not provide the proper method of correcting them. The application of the rule would be very likely to put 3,000 honest dealers out of business in order to chastise a small handful who could be penalized, and otherwise supervised through routine examinations by the SEC staff.

2. In many cases real markets do not exist and the public would be injured because of the reluctance of honorable dealers to give reliable quotations.

3. Local securities would suffer marketwise because of contraction of dealer interest due to penalties and restrictions placed upon genuine good faith activity.

4. By severely restricting markets, the door would be opened to wide and irregular manipulation of markets by selfish interests who would not be restricted, as at present, by competition, which is the impelling force which brings about fair quotations.

5. The present confusion and perplexity on the part of many investors caused by the multiplicity of prospectuses, hypothecation notices, agent-principal notices and other legal forms would be increased still more, and tend to undermine their confidence in the stability of their investments.

6. The relationship of the local dealer to his client, as recognized by Court ruling to be similar to professional confidence, would be disturbed and harmed, and the dealers would still further suffer from unscrupulous customers of whom, unfortunately, there are many, and who would take unfair advantage of the proposed rule.

In summary, the unanimous and considered opinion of the group was that the application of the proposed rule would not be in the public interest. It would deprive the private investor, whose interests the SEC is quite properly trying to protect, from the advantages of free and open market for his securities. It would deprive the banks holding such securities as collateral of the protection of an active market. It would prevent the fair appraisal of estates and seriously hamper the fair assessment of taxes. It would tend to eliminate the honest dealers who together provide the safeguard and protection of thousands of investors throughout the country, and thus still further concentrate the control of securities in the major financial centres of the country.

The dealers of New Orleans expressed themselves as wholly willing to cooperate in any constructive activities of the SEC which will lead to better protection for their clients and for gains to the public interest. They do not feel, however, that the proposed rule will afford any advantages in these directions.

Signed for, and in behalf of, the following New Orleans dealers all of whom were represented at the meeting:

Beer & Co.
Couturier & Derbes
Jac P. Ducourneau
W. D. Dunbar
T. Jeff Feibleman
Hyams, Glas & Carothers
Kingsbury & Alvis
Kohlmeyer, Newburger & Co.
Lamar, Kingston & Labouisse
Ernest M. Loeb Co.
Morphy & Smart
National Bank of Commerce
Nusloch Baudean & Smith
Pool Lambremont & Co.
Edward D. Rapier
Scharff & Jones, Inc.
A. M. Smith-Wood Co.
St. D. J. Villere & Co.
Roy M. Watson
Weil & Arnold
Weil & Co.
Wheeler & Woolfolk
White, Hattier & Sanford
Whitney National Bank
Robert R. Wolfe
Woolfolk, Huggins & Shober

Signed for the group:
JOHN B. SHOBER
M. B. WHEELER
ERROL E. BUCKNER

DEALER No. 26

L. D. Sherman of L. D. Sherman & Co., New York City, sent the following letter to the National Association of Securities Dealers:

It is with profound regret that I read the latest proposed legislation of the SEC, that is, rule X-15C1-10. To me and to every other security dealer with whom I have discussed the rule, it is the death knell of one of the oldest businesses in our republic. To the retail purchaser, under the designed plan, is disclosed the wholesale market of the security traded. Instead of hitting the racketeer, the ruling strikes and levels the reputable dealer as a bowling ball does a set of ten-pins when slammed down the middle alley. Gone will be the analysts, the statisticians, the investigators sent out to industrial plants, and gone with them also, the fact-finding statistical services together with their staffs.

Ultimately, the few dealers remaining would be loath to incur the expense of thoroughly scrutinizing plants with the object of new financing. So would the medium-sized companies be forced to go without publicly subscribed capital, an ill which might conceivably set our nation back many generations. As houses fell by the wayside so would markets become thinner and eventually stagnant—all to the detriment of unlisted security holders.

Perhaps then the slick swindler will come into his glory. Without the competition of reliable advisers, it is entirely conceivable this unscrupulous dealer will have at his mercy the very people the Commission should protect.

Instead of penalizing the great majority of honest and conscientious dealers for the sins of the few, we suggest that policing powers be delegated to the National Security Dealers' Association for the purpose of preventing sales of securities to the public at prices which bear no reasonable relation to existing market prices.

Very truly yours,
L. D. SHERMAN

To Secure Art Collection For National Gallery

President Roosevelt informed Congress on Aug. 20 that the Widener art collection has been offered to the National Gallery of Art in Washington and asked for an appropriation of $195,000 to meet a Pennsylvania State tax that would be imposed on the transfer.

The Associated Press reported the following in its Washington advices of Aug. 20:

"Mr. Roosevelt said the collection was probably 'the greatest private art collection in existence today.' He informed Congress that the Treasury had appraised the present value at about $3,900,000, although the actual cost to the Widener family was several times that sum.

"Joseph Widener was empowered to make a gift of the collection under the will of his father, the late Peter A. B. Widener, with the stipulation that any resulting taxes be met by the museum selected to receive the collection. While no Federal tax will be imposed, the Pennsylvania State tax will apply, and it became necessary to ask Congress to pay it.

"Along with his message, Mr. Roosevelt sent to Congress an inventory of the Widener collection and copies of his correspondence with Joseph Widener. The Chief Executive said that he derived great satisfaction from knowing that the works would become the property of the nation, and that he had advised Mr. Widener: 'Your gift will make it possible for the people of the United States to enjoy the rich heritage of culture which we are striving to preserve.'

"Mr. Widener's offer was dated yesterday, and Mr. Roosevelt sent his reply, along with his message to Congress, within 24 hours after the terms of the gift reached him. The collection will be housed in the Marble Gallery donated to the Government and the people by the late Andrew W. Mellon, where the famous Mellon and Kress art collections are now on display."

In his message the President said in part:

"I need not dwell on the generosity of the donor and his father, Peter A. B. Widener of Philadelphia, in their determination to make their selection of paintings and other objects of art available to the public. Mr. Widener and his father spent much time and money to gather and preserve this unusually choice collection. It is a magnificent donation, worthy of a great museum.

"It's addition to the Mellon collection and the Kress collection now in the National Gallery would be most appropriate. Indeed, it is for the very purpose of encouraging such gifts that the National Gallery of Art was established at the seat of Government."

Gifts To Paralysis Fund

A total of $3,908,310 was raised in the 1942 campaign to fight infantile paralysis, the Committee for the Celebration of the President's Birthday reported on Aug. 22 to Basil O'Connor, President of the National Foundation for Infantile Paralysis. The net amount broke all records of previous years. New York State led all others with contributions of $663,646.

The Foundation receives half of the proceeds, to be used in clinical and laboratory research, to provide epidemic aid and to conduct an educational program to combat the disease, while the other half of the funds remains with the State and county chapters of the Foundation, to provide direct medical assistance to patients. The expenses of the Committee in carrying on the program were $207,889.

Celebration of President Roosevelt's 60th birthday, for the benefit of the fight against infantile paralysis, was reported in these columns of Feb. 5, page 560.

UP-TOWN AFTER 3

THE MOVIES

"Somewhere I'll Find You" (MGM), is the last Gable picture for the duration but it won't stop men who see it from (1) gritting their teeth with envy and (2) longing for the life of newspapermen who have such fun and meet such interesting people; or make the ladies stop sighing soulfully wishing they too had a Gable in their lives. For Gable is again the gay young Lothario who knows all the answers, women as well as foreign intrigue. Both Gable and Robert Sterling, brothers, and ace foreign correspondents, arrive from abroad, Gable, to tell his boss off, and Sterling, to marry Lana Turner, who is also a member of the Fourth Estate. Up to now Gable and the blonde Miss Turner haven't met, but when they do the kid brother is left out in the cold. Miss Turner and Gable take one look at each other and bang-bang, the fireworks start. From then on it's one clinch after another. Don't get the wrong idea, however. Gable really doesn't want her. He's just saving his kid brother from her. So to help mend her broken heart she takes an assignment to Indo-China where she promptly loses herself. So the brothers put on the Stanley-Dr. Livingston act, go hunting for her, find her, and then they all start for Manila. Then it's December 7. From there on it's no longer a burning story of love among uninhibited newspaper people. It becomes an exciting drama as seen through the eyes of the boys trapped on Corregidor and in Bataan. The love life of the Gables, Turners, et al, becomes unimportant in the face of the battle our boys put up against the Japs. If nothing else in **"Somewhere I'll Find You"** matters the exciting scenes toward the close make up for it. Directed by Wesley Ruggles.

You probably thrilled to "London Can Take It" and to the other documentary movies which have come out since the war. But if you want to see one that will lift you out of your chair burning to do something, to join in, to help, then don't fail to see **"Moscow Fights Back."** The photography is not up to Hollywood standards. The characters are not Hollywood actors posing theatrically. For one reason the picture was taken under fire so it can't be a cinematic masterpiece. For another, a man fighting for his country, his home, his family, has no time to make grand gestures in front of a camera. The impact of **"Moscow Fights Back"** is terrific. You are part of the Red Army as it moves in and recaptures Russian village after village last December when the Nazis were driven back from Moscow. You are with then as they charge in tanks, on horses and on foot. You are right next to a tank that receives a direct hit. You see village after village not as a part of a Fitzpatrick technicolor travelogue but as a part of an avenging people who catch Nazis. You are right in front as skulking Nazis are flushed from under porches. You see the Nazi handiwork. The innocent civilians, old women, babies and old men lying in the snow in tortured poses—dead. You see girls and boys swinging from a gallows. It's a picture of Nazi horror you won't soon forget. When men fall in the field they don't make pretty sights. They are hit. They are dying. Nothing like it has yet come out of this war. If you want to see the raw untouched results of Nazi brutality then by all means see **"Moscow Fights Back"** now playing in New York at the Globe. The commentary, delivered by Edward G. Robinson, is crisp and convincing.

AROUND THE TOWN

La Vie Parisienne (3 E. 52nd) is one of the few New York restaurants that really looks like something out of pre-war Paris. Arthur Lesser, an American, who lived in Paris for 20 years as a political journalist, radio commentator and cabaret owner, is its owner, has done a remarkable job. From the bar with its three dimension murals by Bernard Lamotte, showing scenes in the Latin Quarter and Montmartre, the main dining room with its fragrant field flowers on each table, to the lobby with its "convenience" it's redolent of the Paris that used to be. For dinner ($2.50) the place is jammed with interesting people. Soldiers of Free France in New York have already discovered the nostalgic charm of the place and make a bee line for it. For supper there is entertainment. Unfortunately I didn't stay long enough to hear it. I'm familiar, however, with the ability of the guitar singing team of **Rasha & Mirko** well enough to recommend it. The star of the supper program is **Luba Malina**, who is also featured in "Priorities of 1942." Then there is **Gabrielle**, who sings in French and English, and **G. Ray Terrell**, magician. While giving the effect of size the place is really small so it would be wise to phone ahead for reservations.

In writing about the **Penthouse Club** I unwittingly overlooked **Miss Frances Thomas**, the young lady who knows-all-sees-all and tells-all, or as much as a lady can tell. Miss Thomas, is a palm reader who takes your hand, shines a flashlight on it, thinks a while and lets you have it. She comes closer to the facts than a Dun & Bradstreet report. Embarrassingly close. As she read my wife's palm, a lady who is a sceptic from away back, I sat back and smirked at my spouse's amazement. But when my turn came it was something else. For now I'm in the dog house. My wife, she won't speak to me. Serves me right. Next time I have a hand-holding session with the astute Miss Frances Thomas I'll see to it my wife stays home. After all, this best friend and worst critic stuff can sometimes be carried too far.

The Penthouse Club
30 CENTRAL PARK SOUTH
Adjoining The Plaza

A most unique restaurant in a beautiful location, overlooking Central Park to the north.

Serving best food, skilfully prepared.

Entertainment after 11 P. M.

Telephone PLaza 3-6910

R. R. Fairchild Co. Acquires Wis. Inv. Counsel Firm

CHICAGO, ILL. — The investment counselor firm of Ralph R. Fairchild & Co., 105 West Adams Street, announces the acquisition of the clientele of Associated Bank Counsel of Milwaukee. The latter firm was conducted by the late Egbert A. Brown who was well known in banking circles throughout the State of Wisconsin.

Propose Tax Deductions To Aid Those Meeting "Abnormal Fixed Commitments"

Proposals designed for the relief of debt burdened corporations and individuals were presented to the Senate Finance Committee by the Treasury Department on Aug. 25. Under the Treasury plan, according to special advices from Washington to the New York "Times," an individual would be allowed to deduct from his taxable income part of his outlay both in meeting "abnormal fixed commitments," such as debt repayment, mortgages and insurance premiums, and in buying war bonds, the Committee was told by Randolph E. Paul, Treasury General Counsel. The same advices report that Mr. Paul proposed that the exemption should apply to such outlays in excess of 15% of an individual's net income, subject to the limitation that only $1 could be deducted from taxable income for each $2 used to buy bonds or meet fixed commitments. He recommended that the total deduction from net income should be limited to $250 to prevent too large a reduction in taxable incomes. In part the advices to the "Times" continued:

In his recommendations for the relief of corporations, Mr. Paul proposed that combined normal and surtax rates, fixed by the House at 45%, should be raised to 55%, with the House excess-profits rate of 90% retained. He suggested two kinds of reserves on which corporations would be allowed to draw after the war:

1. A post-war credit of 12% of all taxes collected, including normal and surtaxes as well as excess-profits taxes.

2. A "general reserve" consisting of 15% of a corporation's excess-profits net income, which would be held by the Treasury in trust to meet outlays for deferred maintenance, losses from inventories, and similar charges required to restore business concerns to their operating efficiency of before the war.

The Treasury had already recommended a system of post-war credits to the Ways and Means Committee, and interest centered upon the proposals to stimulate war bond sales by tax concessions. Several members of the Senate Committee have contended from the beginning that such a system of "induced savings," or perhaps outright compulsion, would be necessary in order to avoid too great a dependence on commercial banks to finance the deficit of $53,000,000,000 expected for the current fiscal year.

Until now Secretary Morgenthau had resisted all such proposals, and had insisted that voluntary sales of war bonds, which had been expected to bring in a total of $12,000,000,000 during the current fiscal year, should be continued at least until next January. Yesterday, however, the Secretary declared that the Treasury would fail to attain its sales quota in August for the third straight month.

"You will have to ask the American public," Mr. Morgenthau said when he was asked the reasons for this failure.

He added, however, that the voluntary system would be continued "for the time being."

Mohair Unrestricted

The War Production Board on Aug. 13 released mohair from the restrictions of the wool conservation order so as to encourage manufacturers to use a larger quantity in civilian fabrics. Previously, mohair was being conserved for the Army but its military use has not developed as rapidly as anticipated, it was explained. Present stocks amount to 19,000,000 pounds and an additional 8,000,000 pounds will be shorn soon from the Angora goats in Texas. Before the war about 65% of all mohair used in the United States was turned into pile fabric for automobile upholstery but, since autos are not being manufactured, this market is now lost.

Urges Child Education

President Roosevelt, in a message to the American Federation of Teachers, declared that "children must not be allowed to pay the cost of this war in neglect or serious loss of educational opportunity." The President's message, read to the Federation's 26th annual convention in Gary, Ind., on Aug. 17, follows:

"This is no time for conventions unless their purposes bear directly upon winning the war and establishing a lasting peace. Your convention will bring together teachers who can contribute much to these two ends. I hope their deliberations will aid the membership of the American Federation of Teachers to see more clearly its mission in this war.

"The struggle is hard, but the teachers can help not only the children but the people of the community to understand the issues involved and why they must endure with courage and high morale the hardships involved.

"Teachers as a group are performing a great service to their country. Children must not be allowed to pay the cost of this war in neglect or serious loss of educational opportunity. I know the teachers will find deep satisfaction in the contribution they are making."

NWLB Closed 148 Cases

William H. Davis, Chairman of the National War Labor Board, announced on Aug. 7 that the Board closed 148 cases involving 827,386 workers between Jan. 12, when it was created by Executive Order, and July 31. The advices state:

"During the month of July, the Board closed 30 cases involving 82,758 workers and received 76 cases involving 184,720 workers. As of July 31, the Board had received a total of 347 cases involving 2,093,164 employees.

"Of the cases closed last month, one was closed by agreement prior to Board action, 14 were closed by agreement through mediation, one by voluntary arbitration, and 12 by Board decision. One was returned to the Secretary of Labor, and one was a jurisdictional dispute settled by the Labor Members of the Board."

War Bond Redeeming Small

The Treasury Department announced on Aug. 14 that "redemptions of war savings bonds have been insignificant in volume compared either with the total amount outstanding or with month-by-month sales."

As compared with the receipts of $909,900,000 from the sale of war bonds in July, the redemptions amounted to slightly under 3%.

Of the $7,550,000,000 of E, F and G bonds sold through July, 1942, since they first went on sale May 1, 1941, 98.77% are still held by the more than 20,000,000 individual Americans who bought them, the Treasury reports.

For all series of United States savings bonds, A through G, including the old "baby bonds" redemptions in July totaled $25,500,000, or 23/100ths of 1% of the $11,077,800,000 (redemption value) of all savings bonds outstanding on July 31.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 709)

pation. It reached its peak with the news of the Dieppe Commando foray. But despite the various interpretations of these military achievements the market was unable to go through previous resistance zones.

* * *

As this goes to press the news is no longer good. For the time being United Nations attacks seem to be over. Our forces in the Solomons are fighting off a Jap counter-attack and the Russians are still being driven back in the Caucasus. The biggest battle of our times is now going on before Stalingrad. In the next few days this battle will gain more and more newspaper space. Whether or not Stalingrad will fall, I don't know. I recall that last fall, however, the Nazis were held when they were only 12 miles from Moscow.

* * *

Considering the news the market should have plenty to worry it. Yet it does not act unduly disturbed. True, it's down and will probably go down still more but based on present and recent market action I don't think the decline will go very far. The question of course is time. How long will it go down and how long will it stay there before it turns up again? That's something I can't answer. But based on past and present performances I hazard an opinion that within ten days the market will reassert its basic trend.

* * *

Meanwhile readers and followers of this column should maintain their positions in the stocks recommended here from time to time, always keeping critical levels (stops) in mind.

* * *

J. W. Y., Martinsville, Virginia: Crane is acting about as well as the rest of the market, perhaps a little better. My advice of where to stop the stock which appeared in last week's column still applies. Incidentally I like the way you date your letter "August 18, 1942 One Day Nearer Victory."

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Expects '43 Sugar Ration To Stay At Present Rates

The Government's sugar rationing program is operating on a basis that will make possible the maintenance of allotments to consumers through the first nine months of 1943 at least equal to those at the beginning of rationing, providing the shipping outlook in the Caribbean does not take a radical turn for the worse, the Office of Price Administration announced on Aug. 13. The announcement said:

"The analysis of the U. S. sugar supply, compiled under the direction of Harold B. Rowe, chief of the food rationing division, included estimates that to maintain the minimum ration through the first nine months of 1943 will require the distribution of 4,173,000 tons of sugar, but that an additional 830,000 tons will have to be kept in the Nation's sugar larder to insure an adequate supply in all sections of the country.

"While the shipping outlook is a highly uncertain factor, Mr. Rowe's report said, it appears unlikely that receipts from Caribbean sources of supply will exceed a rate equal to the quotas established by the Inter-departmental Shipping Priorities Committee for the period of June 1 to Dec. 31 of this year, which totaled 1,742,000 from Cuba, Puerto Rico and the Virgin Islands and other sources.

"This rate of import would provide 2,240,000 tons during the first nine months of 1943, Mr. Rowe said, with other anticipated supplies listed as:

"From Hawaii, 600,000 tons.

"From the U. S. beet sugar crop in early 1943, 200,000 tons.

"These receipts aggregate 3,040,000 tons, and since the total needed for the nine-months' distribution is 5,000,000 tons, we must go into the new year with at least 1,960,000 tons of sugar on hand.

"'It must be recognized,' the report said, 'that this inventory would be adequate only in the event receipts during the first nine month of 1943 equalled the full rate of the present shipping quota. Since this rate of receipts is not certain, a further reserve is desirable.'

"Accordingly, it has been concluded, Mr. Rowe said, that a year-end stock of 2,300,000 tons would represent a reasonable compromise between actual danger of shortage in the country, and an excessive use of warehouse space now so sorely needed for our war production program.

"The ration allowances for the remainder of this year, Mr. Rowe revealed, are being gauged to provide for this necessary stock on hand for Jan. 1. He pointed out that if the shipping situation turns out to be better than we now have the right to expect, or if distribution is less than expected, any excess supply of sugar can then be distributed as a bonus, or extra allowance to consumers."

OPA Allows Extra Sugar

Sugar ration stamp No. 8 will be good for five pounds of the commodity in the ten weeks Aug. 23 to Oct. 31, the Office of Price Administration stated on Aug. 15. It is pointed out that while not changing the basic ration of half a pound per person a week, the allotment will enable consumers to make purchases in larger units and facilitate the disposal of five, ten and twenty-five pound packages, according to the Associated Press, which further said:

"These sizes were put up before the start of rationing, and processers have had some difficulty marketing any of them because ration stamps to date have been good for one or two pound purchases. Unless this sugar is sold, the OPA made known, it would have to be repacked, causing an 'undesirable waste of labor and materials.'

"Stamps Nos. 6 and 7, each good for two pounds of sugar, may be used until midnight, Aug. 22. Stamp No. 7 gives a consumer a two-pound bonus."

A uniform means of providing allowable sugar inventories for persons who have opened up new retail or wholesale businesses since rationing went into effect on April 28 was announced by the OPA Food Rationing Division on Aug. 17. The announcement said:

"A new retailer will be given an initial allowable inventory of one pound of sugar for each $1 of gross sales he estimates will be made during the first week of his operation. His estimated gross sales should include all commodities—meats, groceries, fruits, vegetables, etc.

"The allowable inventory of a new wholesaler will be the customary minimum shipping unit in which sugar is delivered to wholesalers in his territory, plus the amount of sugar the wholesaler estimates he will sell during the first two calendar weeks of his operation."

The OPA also recently revealed on Aug. 3 that previously announced increases in the sugar allotments of industrial and institutional users for the months of July and August will be extended to cover the allotment period of September and October. According to the OPA, industrial users will be given a 10% increase, raising their allotment to 80% of their sugar base for these four months, while institutional users will be granted a 25% increase, boosting their allotment to 75% of their base. The increase to these consumers over the four-month period will amount to approximately 160,000 short tons of sugar.

The War Production Board has provided for the entire 1942 allocation to American refiners of raw cane sugar, both imported and domestic. The allocation, supplementing the earlier allotments set for the first nine months of 1942, amounts "to approximately 70% of the amount of imported and domestic raw cane sugar refined in 1941, which was a high year. It amounts to approximately 85% of the cane sugar refined annually during the three-year period immediately preceding 1941."

Move To Reclassify Married Men For Draft

Asserting that the "end is in sight" of the available supply of single men for military duty, Maj. Gen. Lewis B. Hershey, National Selective Service Director, said on Aug. 21 that reclassification of all married men would begin "probably in October and certainly by Christmas." He advised men with secondary dependents or a wife only to make arrangements to enter the Army now.

Associated Press advices from Evanston, Ill., reported:

"When the supply of single men is gone in the next few months," he said, "we must dip into the group of men with wives and secondary dependents." General Hershey explained secondary dependents were those other than wives and children.

Expressing his views at a press conference and in an address before the National Institute for Commercial and Trade Organization Executives on the Northwestern University campus, the Director said that the number of able-bodied men in industry must be "drastically reduced in the very near future.."

"I can't talk too tough about the necessity of getting men in 2-A and 2-B replaced.

"We have learned there are very few irreplaceable men, and in industry, agriculture and in government we have got to train people to replace draft-age men, and we have got to do it quickly.

"In the past, selective service has protected vital industries, such as aircraft and ship producers, against loss of man power, but from here on, when the army needs the man, there will be no waiting until he is replaced."

It is expected that a move will soon be made in Congress to amend the Selective Service Act to permit the drafting of youths 18 and 19 years old. The draft ages now are 20 to 44, inclusive.

Selective Service headquarters in Washington announced on Aug. 19 that it had abolished its "limited military service" Class 1-B, those with minor physical defects, and ordered all but the totally unfit available for military service. All those now in the 1-B class are to be reclassified, beginning Sept. 1, into either 1-A registrants, those fit for full or limited duties, or Class 4-F, totally unfit for any service. The reclassification is expected to be completed by the first of next year. The order specifies that not more than one-fourth of the 1-B registrants in any local board area are to be shifted to Class 1-A in any single month.

The army began inducting men from the 1-B class on Aug. 1 because the 1-A lists were nearly exhausted.

"Americas And War"

Inter-American cooperation and hemispheric solidarity, expressions used with varying degrees of understanding, are revealed and explained in actual fact in "The Americas And The War," a volume compiled by the Pan American Union at Washington, D. C., and now ready for distribution to the public. The Pan American Union in making this known said:

"Included in the volume are the measures of a political, economic and juridical character which have been adopted at the meetings of Foreign Ministers and on other occasions. A glance at the topical headings in the table of contents reveals a chronological treatment of activities and events which will serve to summarize succinctly the evolutionary development of the relationship of the Americas to the war. These headings are: 'Events Preceding the War'; 'Neutrality'; 'Threats to Territorial and Institutional Security'; 'War'; 'War-Time Economic Cooperation.' Under each of these general topics appear the many steps that have been taken toward the development of inter-American cooperation."

In his foreword, Dr. L. S. Rowe, Director General of the Pan American Union, points out that the volume on "The Americas And The War" reflects "a singular achievement in the field of international relations." "With prophetic vision," he continues, "the statesmen of the Americas foresaw the trend of events several years before they actually occurred, and adopted appropriate measures to meet the contingencies that might arise." He concludes:

"The measures adopted were not the spontaneous action of a group of States unknown to one another; they were the result of the conscious efforts of many years to improve the reciprocal relations and to strengthen the bonds of friendship uniting the American Republics in one great continental community."

"The Americas And The War" is a 60-page mimeographed work and may be purchased for 25 cents, orders to be addressed to the Pan American Union, Washington, D. C.

To Buy El Salvador Rubber

The State Department announced in Washington on Aug. 24 that El Salvador has agreed to sell to the United States all the rubber it can produce during the next four years, except what may be needed for essential domestic requirements.

This is the eleventh such agreement concluded with Western Hemisphere countries.

July Life Insurance Sales Decline

The sales of ordinary life insurance in the United States in July amounted to $459,499,000, about 21% below the volume sold in the corresponding period of 1941, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn., made available Aug. 14. The total sales volume for the first seven months of 1942 aggregating $4,031,746,000, however, is about even with the amount sold in the same period of 1941.

The sales volume and the ratios for all sections are reported by the Bureau as follows:

	JULY 1942		YEAR TO DATE	
	Sales Volume in $1,000	Ratios '42-'41 All Cos.	Sales Volume in $1,000	Ratios '42-'41 All Cos.
U. S. total	$459,499	79%	$4,031,746	100%
New Engl'd	37,051	78%	323,855	100%
M. Atlantic	115,844	75%	1,089,597	99%
E. N. Cent.	105,599	80%	914,335	99%
W. N. Cent.	46,746	83%	388,902	104%
S. Atlantic	44,696	78%	383,949	96%
E. S. Cent.	18,549	80%	162,414	101%
W. S. Cent.	32,199	75%	287,588	98%
Mountain	13,165	85%	101,211	98%
Pacific	45,650	85%	379,895	109%

French No. African Trade

The office of War Information announced in Washington on Aug. 14 that the exchange of goods with French North Africa, under the terms of the economic accord, has been resumed, the trade between the United States and French North Africa is a two-way affair, the OWI said, explaining that two French vessels sailed from the United States on Aug. 9 with non-military consumer goods, in exchange for two shiploads of North African products. The supplies from the United States consisted of brown sugar, copper sulphate, cotton cloth and thread, condensed milk, tea, leaf tobacco, coal and kerosene. Among the products included in the shipments from North Africa are cork, tartar and olive oil. The latter ships sailed on Aug. 14 from Casablanca for the United States.

The United States suspended shipments to French North Africa last March until a satisfactory arrangement could be worked out with the French Government at Vichy. Secretary of State Hull disclosed in June that trade was being resumed on a limited scale; referred to in these columns on July 2, page 23.

Concessions For Panama Asked By Roosevelt

President Roosevelt sent a special message to Congress on Aug. 13 recommending that this Government make certain concessions which have been desired by the Republic of Panama over a period of years, explaining that by doing this the United States would "correct certain factors in the relations between the two countries which do not make for confidence and friendship." The President said:

"I deem it advisable that this Government convey to Panama the water and sewerage systems in the cities of Panama and Colon; that it relinquish its extensive real estate holdings in the cities of Colon and Panama, so far as these holdings are not essential to the operation and protection of the Canal; and that it liquidate the credit of $2,500,000 made available to the Republic of Panama by the Export-Import Bank for the construction of Panama's share of the Chorrera-Rio Hato Highway, a road essential to our defense requirements and constructed in accordance with standards made essential by these requirements."

At the outset of his message the President said:

"The Treaty of Friendship and Cooperation between the United States of America and the Republic of Panama, effective on July 27, 1939, was a definitive step in the clarification of this Government's relations with the Republic of Panama. The Panamanian Government has demonstrated its willingness to assume promptly and wholeheartedly the burdens imposed upon it as partner in the defense of the Panama Canal, a responsibility which was accepted by that Government under the provisions of the new treaty.

"The attitude of the Panamanian Government in the present international crisis has been thoroughly cooperative. On Mar. 5, 1941, the President of the Republic of Panama issued a manifesto making available for use by the United States certain defense sites in the territory of that Republic. Pending the conclusions of final arrangements regarding the terms on which these sites are to be used, the Panamanian Government has permitted our armed forces to occupy and develop them. Immediately following the attack by the Japanese on Pearl Harbor Panama declared war on the three major Axis powers, and since has taken numerous protective steps to cooperate with the other American republics in the interest and security of the Panama Canal and the defense of this hemisphere.

This attitude is tangible evidence that the relations between the two countries are now firmly based upon a recognition of mutual interest and a disposition to assume common responsibilities."

Dried Fruit Ceiling To Be Up 15% At Packer Level

The Office of Price Administration announced on Aug. 19 that it will shortly increase the March, 1942, prices on dried prunes, pears, peaches, apricots, figs and raisins by some 15% at the packer level. However, it is not likely that civilian consumers will be greatly affected since the Government will take over this season a major portion of the dried fruit and raisin pack for the military forces and lend-lease. This is in accordance with a recent War Production Board order freezing all of the 1942 production and the 1941 crop carryover in the hands of packers. The supply of the six major dried fruits not purchased by the Government will be made available for civilians.

Last year the output was 500,000 tons with a $75,000,000 sales value. The OPA move will allow processors specified margins over the support buying prices to growers, set previously by the Department of Agriculture. This is a described as providing "another link in the coordinated program to encourage maximum production and distribution."

In order to take care of the possibility of sales to the Government and private trade, OPA has established specific ceiling prices for both at the packer level. These apply to both the 1941 and 1942 packs, with differentials for other grades, varieties and container sizes as they prevailed in the fall of 1941.

British Supply Mission

The British Purchasing Commission, 15 Broad St., New York City, recently changed its name to the British Ministry of Supply Mission. When first established in November, 1939, the mission was known as the British Purchasing Commission but in January, 1940, when it was merged with the French Purchasing Commission, the name was changed to the Anglo-French Purchasing Commission. However, when the French withdrew from the war in June, 1940, the organization went back to its original name British Purchasing Commission.

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

TUESDAY, SEPT. 1

THE TRION COMPANY

The Trion Company has filed a registration statement with the SEC for 6,000 shares of 7% cumulative preferred stock, par value $100 per share.

Address—Trion, Georgia.

Business—Company manufactures, finishes and fabricates cotton goods in its plant at Trion, Ga.

Underwriting—Courts & Co., Atlanta, Ga., is named principal underwriter. Other underwriters will be named by amendment.

Offering—The 6,000 shares registered are issued and outstanding and are being offered for the account of a corporation and individual stockholders. The price to be paid for the stock by the underwriters and the offering price to the public will be supplied by amendment.

Proceeds—The registrant is not to receive any of the net proceeds which will go to the selling stockholder.

Registration Statement No. 2-5035. Form S-2. (8-13-42)

TUESDAY, SEPT. 8

WASHINGTON NATIONAL INSURANCE CO.

Washington National Insurance Co. has filed a registration statement with the SEC covering $1,000,000 being estimated amount of employee contributions during first ten years of employee's retirement plan

Address—610 Church Street, Evanston, Ill.

Business—Employees retirement plan

Offering—The savings and profit sharing pension fund of the Washington National Insurance Co. employees, is a trust, and is referred to as the plan of the fund. The plan is a voluntary contributory employees retirement plan under which, after it becomes effective, those eligible employees, who elect to become participants and depositors under the plan, will deposit in the fund 5% of their compensation, but, in no case, more than 5% or more than $250 a year

Registration Statement No. 2-5036. Form C-1. (8-20-42)

WEDNESDAY, SEPT. 9

BOND INVESTMENT TRUST OF AMERICA

Bond Investment Trust of America has filed a registration statement with the SEC for 41,544 units of beneficial interest. Total includes 1,544 units of beneficial interest now issued and outstanding to the extent that the same may be repurchased and thereafter reoffered, together with 40,000 units authorized but not heretofore issued

Address—49 Federal Street, Boston, Mass.

Business—Investment trust

Underwriting—Whiting, Weeks & Stubbs, Inc., Boston, principal underwriter

Offering — At market with aggregate amount of proposed cash offering totaling $4,097,900, with certain discounts allowed on large single transactions

Proceeds—For investment.

Registration Statement No. 2-5037. Form A-1. (8-21-42)

THURSDAY, SEPT. 10

PARK AVENUE & 91ST STREET, INC.

Park Avenue & 91st Street, Inc., through trustees has filed a registration statement with the SEC for voting trust certificates for 5,475 shares of capital stock, $1 par value

Address—Address of trustees 18 East 48th Street, New York City

Business—Apartment building

Offering—Registration is in connection with the extension of a voting trust agreement from Sept. 30, 1942, to Sept. 30, 1947. The voting trustees have consented to act under the voting trust agreement, as amended, after Sept. 30, 1942, the present termination date

Registration Statement No. 2-5038. Form F-1. (8-22-42)

SATURDAY, SEPT. 12

RHEEM MANUFACTURING CO.

Rheem Manufacturing Co. has filed a registration statement with the SEC for 85,326 shares of common stock, par value $1 per share. Statement notes that the 85,326 shares is plus such additional shares, not heretofore registered as the company may be required at any time to issue by virtue of the anti-dilution provisions of its articles of incorporation upon the conversion of shares of its cumulative preferred stock, 5% series. In addition to the 130,000 shares of common stock, par value $1 per share, heretofore registered for this purpose, the company estimates that—shares of such stock will be required to be reserved for this purpose by reason of the issuance of up to 40,000 shares of its cumulative preferred stock, 6% series, and the issuance and sale of the 85,326 shares of common stock, par value $1 per share, registered hereunder. This statement is to be completed by amendment

Address—Normandy Building, Washington, D. C.

Business—Company is normally engaged principally in the manufacture and sale of various metal products made from sheet steel. It presently is engaged to a large extent in the manufacture and sale of certain military products made from sheet steel and in the rough and finish machining of certain other metal products for military use

Underwriting—Blyth & Co., Inc., New York, is named as sole underwriter

Offering—Public offering price will be supplied by amendment

Proceeds—To be used to discharge notes payable to Tennessee Coal, Iron & Railroad Co. in amount of $126,096; to discharge deferred indebtedness of $100,000; and the balance to reduce short-term bank loans. Short-term bank loans now outstanding, with other funds of the company, were used to increase inventories by approximately $2,700,000, and for capital expenditures totaling $1,400,000

Registration Statement No. 2-5039. Form A-2. (8-24-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

CAMILLA CANADIAN MINING CORP., LTD.

Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

Address—Toronto, Ont.

Business—Mining and milling

Underwriting—Enyart Van Camp & Co., Chicago, underwriter

Offering—Offering price is 25 cents per share, U. S. funds

Purpose—For development, exploration, equipment, milling plant and working capital

Registration Statement No. 2-5013. Form S-3. (6-15-42)

Amendment filed July 2, 1942, to defer effective date

Withdrawal request filed Aug. 11, 1942.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Amendment filed Ang. 22, 1942 to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). Company states that $50,000 in maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

Registration Statement effective 1 p.m., EWT on Aug. 1, 1942 as of 5:30 p.m. EWT July 18, 1942

ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members

Amendment filed Aug. 7, 1942, to defer effective date

EQUIPMENT FINANCE CORPORATION

Equipment Finance Corporation has filed a registration statement with the SEC for 5,000 shares of common stock, no par value

Address—Chicago, Ill.

Business—Short term financing etc.

Underwriting—No underwriter named

Offering—Issued prior to registration for cash and property 2,007 shares at $100 per share, and 2,993 shares are to be publicly offered at $100 per share

Proceeds—For trucks, land, building additions, improvements and garaging facilities

Registration Statement No. 2-5023. Form S-2. (6-27-42)

Amendment filed Aug. 11, 1942, to defer effective date

Equipment Finance Corp. filed on Aug. 13 an amendment to its registration statement in which the proposed offering is stated as follows: Sold prior to registration to employees of Curtiss Candy Co. 1,238 shares of common, no par value, at $100 per share and offer of rescission is being made re above shares, to be publicly offered at $100 per share, 2,993 shares for total of $299,300. Purpose of issue as amended includes wagons, horses and facilities for operation of horse-drawn vehicles.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956 and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portion of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Aug. 19, 1942, to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed **registration** statement with SEC for 39,382 shares **4½%** cumulative preferred stock, **$100 par**

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outstanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Registration Statement withdrawn Aug. 22, 1942

HOLTZER-CABOT ELECTRIC CO.

Holtzer-Cabot Electric Co. filed a registration statement with the SEC for 3,250 shares of 5% cumulative preferred stock, par $100 per share, and 100,000 shares of common stock, par $5 per share

Address—125 Amory St., Boston, Mass.

Business — Business conducted by the company falls into two classifications: the manufacture of electric motors and generators and the manufacture of various types of electric signal equipment.

Underwriting—E. H. Rollins & Sons, Inc. is the principal underwriter for the common shares

Offering—The company is controlled by the Gamewell Company. The securities of the company owned by Gamewell at date of prospectus consist of 8,250 shares of common stock, par value $100 per share, being all of the stock of the Holtzer-Cabot Company outstanding on same date. Upon consummation of a proposed recapitalization plan the outstanding securities of the company will consist of 3,250 shares of 5% cumulative preferred stock, par $100 per share, and 100,000 shares of common stock, par value $5 per share, all owned by the Gamewell Company. The underwriter has entered into an agreement to purchase from Gamewell at a price of $9 per share, the 100,000 shares of common stock. The company has been advised by the underwriter that the latter has entered into an agreement with a single purchaser to sell all the common stock to such purchaser, for an aggregate price of $1,050,000 or $10.50 per share. The registrant company has been advised by Gamewell that although the latter has no agreement with respect to the proposed sale of the preferred stock, Gamewell proposes concurrently with the sale of the common by the underwriter to the single purchaser referred to, to sell all of the preferred stock to the same purchaser for an aggregate sale price of $325,000 or $100 per share upon the representation by purchaser that it is purchasing such preferred stock for its own account for investment and not with any present intention of distributing it. If purchaser subsequently should determine to made distribution of any of such securities, company will file a post-effective amendment stating such terms

Proceeds—All the proceeds from sale will be received by the Gamewell Company.

Registration Statement No. 2-5030. Form S-2. (8-1-42)

Holtzer-Cabot Electric Co. filed on Aug. 10 an amendment to its registration statement in which it changed the registration, as amended, to cover 8,250 shares of common stock, par $100 per share. According to the amended statement E. H. Rollins & Sons, Inc., underwriter, will purchase from Gamewell Company, which owns all of the stock outstanding, the 8,250 shares of common for an aggregate purchase price of $1,225,000. The Gamewell Company will receive all of the proceeds from the sale of the shares which are already issued and outstanding. The H-C Company has been advised by the underwriter that the latter has entered into an agreement with a single purchaser to sell all of the common stock to such purchaser, after the registration statement becomes effective, for an aggregate price of $1,375,000, upon the terms and subject to the conditions set forth in the agreement, one of which being a representation by such purchaser that it is purchasing such common stock for its own account for investment and not with any present intention of distributing it. If the purchaser should subsequently determine to make a distribution of part or all of such securities, the H-C Company will file a post-effectment amendment disclosing the terms of such distribution

Registration effective 1 p.m. EWT on Aug. 22, 1942

Announced Aug. 24 that Commercial Investment Trust had acquired the stock through E. H. Rollins & Sons, Inc., for permanent investment. There will be no public offering

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

INTERIM FINANCE CORP.

Interim Finance Corp. filed **a registration statement with the SEC for 39,912** shares class A stock, $25 par; and **25,232** shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of **company** is to loan money to enterprises whose **debt** and/or capital structures are being **adjusted or reorganized by its wholly-owned subsidiary**, H. M. Preston & Co. A **secondary** function is to loan money, with **funds** not used in its primary function, to provide "interim" or intermediate **financing** to enterprises until the financial **positions** of the borrower or a change in **general** capital markets open avenues for **longer-term** borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. **The** underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to **defer** effective date

Offering—The class A stock is to **be** sold in units of 4 shares, at a price of $110 per unit. With at least the first **900** units, there will be included with **each** unit 4 shares of common stock; **thereafter** company reserves the right to reduce **the** number of common shares to be included **in** each unit of class A stock

Proceeds will be used for working **capital**

Registration Statement No. 2-4968. **Form** A-1. (3-18-42)

Amendment filed Aug. 17, 1942, to **defer** effective date

LONE STAR STEEL CO.

Lone Star Steel Co. filed **registration** statement with SEC for $500,000 **5%** debentures, due 1948; 1,000 warrents **to** purchase common stock; and 75,000 **shares** no par common stock

Address—Dallas, Texas

Business—Company is engaged in **the** manufacture of pig iron and steel

Underwriting — No underwriters **are** named in registration statement

Offering—The debentures will be **offered** to the public at 100; each $500 **principal** amount of the debentures will carry **one** warrant entitling the holder to **purchase** 25 shares of common stock of **company,** at $10 per share. Of the 75,000 **shares** common stock registered, 25,000 shares **are** reserved for issuance upon exercise of **the**

warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

In an amendment filed by the Lukens Steel Co. covering the registration of $2,200,000 4¾% sinking fund debentures the underwriters and the amounts to be purchased are given as follows:

Name	Amount
E. H. Rollins & Sons, Inc.	$874,000
Allen & Co.	600,000
Pistell, Wright & Co., Ltd.	186,000
Stroud & Co., Inc.	150,000
Graham, Parsons & Co.	100,000
Biddle, Whelen & Co.	100,000
Vallance & Co.	100,000
Boenning & Co.	50,000
Bond & Goodwin, Inc.	40,000

Offering price to the public will be 100 plus accrued interest from June 1, 1942.

Registration Statement effective 5:30 p.m. EWT on July 28, 1942 as of 5:30 p.m. EWT July 12, 1942

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. Form A-2. (8-1-42)

Amendment filed Aug. 14, 1942, to defer effective date.

POTOMAC ELECTRIC POWER CO.

Potomac Electric Power Co. filed a registration statement with SEC for $5,000,000 first mortgage bonds, 3¼% series, due Aug. 1, 1977

Address—Potomac Electric Power Company Building, 929 E Street, N.W., Washington, D. C.

Business—The company is part of the North American Co. holding company system. The company is, and intends to continue to be, principally engaged in the generation, transmission, distribution, and sale of electric energy in the District of Columbia and in a limited contiguous territory, largely suburban and rural, in Maryland, and interchanges electric energy with a neighboring utility system

Underwriting—No firm commitment to purchase the $5,000,000 face amount of these bonds has been made. As soon as practicable after the registration statement has become effective, the company, pursuant to Rule U-50 of the SEC proposes publicly to invite sealed written proposals for the purchase of such securities

Offering—The names of the underwriters and the offering price to the public will be supplied by post-effective amendment.

Proceeds—Net proceeds will become part of the company's general funds and will be used to increase company's generating capacity and other fixed capital expenditures. In June 1942 company received $3,000,000 toward such purposes from the sale of 30,000 shares of its common stock. The company's fixed capital expenditures for 1942 are estimated at $8,691,000. Substantial further expenditures for such purposes will be incurred in 1943. The more important include installation of turbo-generator units and related equipment

Registration Statement No. 2-5032. Form A-2. (8-5-42)

SCUDDER, STEVENS & CLARK FUND INC.

Scudder, Stevens & Clark Fund Inc., filed a registration statement with the SEC for 40,000 shares of capital stock of a proposed maximum aggregate offering price of $2,999,200

Address—10 Post Office Square, Boston, Mass.

Business—Investment trust

Underwriting—No firm commitment to take the issue has been made

Offering—Approximate date of proposed public offering is Aug. 1, 1942. Shares are issued at the then net asset value, plus 1%. The quoted price as at July 10, 1942, as calculated in the price make-up sheet was $74.98 per share which price was used in estimating the proposed maximum aggregate offering price

Proceeds—For investment

Registration Statement No. 2-5027. Form A-2. (7-21-42)

Registration effective 5:30 p.m. EWT on Aug. 19, 1942

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter, the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed Aug. 21, 1942, to defer effective date

Southwestern Public Service Co. on July 21 filed an amendment to its registration statement fixing the interest rate on the proposed issue of $18,500,000 first mortgage and collateral trust bonds due 1972 at 3¾%. Interest rates on serial notes will be supplied by amendment

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed Aug. 10, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

Amendment filed Aug. 5, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed Aug. 13, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding and are owned by City Company of New York, Inc., in dissolution to the extent of 436,691 shares. National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Bureau Heads Must Settle Disagreements Privately Orders FDR

President Roosevelt instructed the heads of all Federal departments and agencies on Aug. 21 to refrain from public debate of disagreements either as to fact or policy and to submit their conflicts to him for settlement.

In identical letters to the heads of Government agencies, the President said that "too often in recent months" there has been public criticism between agencies which contributes "only to the confusion of the public" and are "a direct and serious handicap to the prosecution of the war."

The President's letter follows:

In dealing with the many complex war problems which we face today, it is unavoidable that there be wide differences of opinion between agencies of the Federal Government — opinions sincerely and honestly held. However, too often in recent months, responsible officials of the Government have made public criticism of other agencies of the Government; and have made public statements based either on inadequate information or on failure to appreciate all the aspects of a complex subject which is only partially within their jurisdiction.

This is inadvisable at any time. But in times of war it is particularly contrary to public policy. It contributes only to the confusion of the public, which naturally does not know what to believe on an involved issue when it gets different stories on successive days from officials of equal standing, though not necessarily of equal understanding.

Such divergencies, especially when coupled, as they often are, with express or implied criticisms of other officials are a direct and serious handicap to the prosecution of the war. Officials divert to quarrels with each other the time and energy they ought to be devoting to fighting the enemy The people, confused by these contradictory voices, are apt to obtain the false impression that the Government as a whole is uncertain as to its objectives and general method and that it does not know its job.

This feeling is of course pounced upon, exploited, and intensified by opponents of our war effort. Our enemies use this raw material of discord provided for them by men who ought to be making trouble for the enemy and not for one another.

One of the duties prescribed for the Office of War Information is the coordination of war informational activities of all Federal departments and agencies, for the purpose of assuring an accurate and consistent flow of war information to the public and the world at large and for the added purpose of eliminating conflict and confusion among the departments and agencies of the Government in the matter of their public relations. Elmer Davis, Director of this Office, tells me that so far as written statements from departments and agencies are concerned, very satisfactory progress toward this objective is being made. But, he points out that the attainment of the objective is being gravely hampered by verbal statements dealing with matters touching more than one department or agency made by high officials in press conferences and elsewhere — statements which do not contribute either to the accuracy or the consistency of public information.

In a recent report to me on this situation, Mr. Davis makes a statement which should be emphasized: "The enemy is constantly at work trying to undermine public confidence in the Government; why should members of that Government help him along by undermining it themselves?"

Where honest differences of opinion exist no one would propose to suppress them. Nor would anyone attempt to interfere with the free use by every public official of the normal processes of information to the public and press. But it is no solution to a controverted question to argue it out in public. If the agencies would refrain from resorting to public debate of this kind they would have a good deal more time to attend to their business, and the nation would have a good deal more assurance that that business was being done right.

These differences between agencies often deal with matters of fact which can be harmonized by fuller investigation, or questions of policy which should be adjusted by conference between the agencies or by reference to me as the responsible head of the Government. Disagreements either as to fact or policy should not be publicly aired, but are to be submitted to me by the appropriate heads of the conflicting agencies. The policy of the Government should be announced by me, as the responsible head thereof. Disagreements as to facts can be resolved, if necessary, by investigations and surveys directed by me.

Will you please see to it that your particular department and its various bureaus and divisions comply with these instructions.

I am sending an identical letter to the responsible head of each department and agency of the Federal Government.

Halifax, Hull Confer

Viscount Halifax, British Ambassador who returned to Washington on Aug. 22 after a visit of several weeks in England, conferred with Secretary of State Hull on Aug. 24.

Lord Halifax, who had talked with Mr. Hull for more than an hour, said they had conversed on a variety of subjects, including Prime Minister Churchill's visit to Moscow, the situation in the Middle East and in the Pacific, the India question and the cooperation between the American and British troops in Britain.

He also said that there were many changes in England since his last visit a year ago, notable among which were the greater part women are taking in replacing men in many jobs.

Advocates Sales Tax For More Revenue

In proposing a general 10% retail sales tax to raise about $4,000,000,000 in additional new revenue, Senator Robert A. Taft of Ohio (Republican) warned on Aug. 23 that the $6,271,000,000 House-approved tax bill is inadequate to avoid the "worst kind of inflation." Senator Taft made his proposal in a debate at Washington on the relative merits of sales and withholding taxes on the American Forum of the Air (Mutual) broadcast. According to the United Press, the principal drawback of the House bill, Senator Taft said, is that it fails to tax two-thirds of income despite the fact it proposes to lower personal exemptions from $750 to $500 for single persons and from $1,500 to $1,200 for married individuals, as well as raising the tax rates. The United Press further reported:

He said objections that a sales levy would work a hardship on lowest income groups can be overcome by exempting food purchases, thus giving the average family an exemption of about $400.

Mr. Taft's plea for more revenue supported a warning by Finance Chairman Walter F. George (D.), Georgia, that the new income tax revenue contemplated in the House bill must be increased considerably.

The sales tax proposal also was indorsed on the radio debate by J. Cheever Cowdin, Chairman of the Government Finance Committee of the National Association of Manufacturers, who asserted that the American people are "sick and tired" of Washington's "buck passing" in the tax situation.

Taft and Cowdin were opposed by Prof. Erwin Griswold, on leave from Harvard University to serve as a special consultant for the Treasury, and James B. Carey, Secretary of the CIO.

Mr. Griswold said a sales tax cannot make exemptions for any commodities — even for food—thereby "bearing hardest on those who have least to spend."

"We should continue the development of a system for collecting a substantial part of the income tax at the source, from wages, salaries, dividends and interest," he said, calling for elimination of "special privileges" by abolishing tax-exempt securities, discontinuing depletion allowances to the oil industry and providing for mandatory joint income tax returns in the upper brackets.

Mr. Carey also assailed the proposed sales tax, charging it will levy the same amount "on a Rockefeller as it levies on the poorest of the land."

F. J. Shepard Dead

Finley Johnson Shepard who for more than half a century was identified with the development of America's railroads, died on Aug. 22 at Roosevelt Hospital, New York City, after an illness of six months. He was 74 years old.

The following summary of his career is from the Associated Press account:

A native of Saybrook, Conn., Mr. Shepard began his railroad career with the Northern Pacific Railway at St. Paul, Minn., and after serving several other roads was transferred to New York where he met and married Helen Miller Gould, daughter of railroad pioneer Jay Gould.

Railroads with which he had been associated as a director or in other executive capacity included the Missouri Pacific, the Texas and Pacific the New Orleans, Texas and Mexico, the Denver and Rio Grande Western and the Western Pacific.

Besides his railroad affiliations he was a director of the Merchants Fire Assurance Corp. and the Ampere Bank and Trust Co.

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The Bond Selector

(Continued from page 706)

Nevertheless, there is every good reason to believe that the United States will buy as much Cuban sugar as is necessary to maintain the Cuban economy at a satisfactory level. According to "Standard and Poors," this contention is supported by the directive recently issued ordering the Commodity Credit Corporation, the RFC and Defense Supplies Corporation to purchase any exportable surplus agricultural commodities with which our Latin American neighbors may be burdened.

It is obvious that the United States Government will collaborate to the fullest extent with Cuba, inasmuch as the island is an extremely important link in our ring of Caribbean defenses. An indication of this was the conclusion in early July of a monetary pact designed to stabilize the peso-dollar relationship. Under the terms of this agreement, the United States undertakes to sell gold to the Cuban Government with payment due 120 days later. Such outstanding unpaid amounts, however, are limited to $5,000,000. This accommodation is expected to help Cuba's monetary problems.

The increase in Cuba's revenues so far this year is a good indication of the excellent business conditions which prevailed at the beginning of 1942. Collections from January through June 20th totalled P.46,432,000, or about P.11,000,000 more than in the corresponding period of 1941, although the figures are not strictly comparable. The excess over budgetary expenditures in the first six months of 1942 was about P.1,944,000. This improvement, however, has not been maintained. Not included in 1942 receipts are P.3,628,000 proceeds from tax surcharges which are used to pay for national defense and other emergency purposes, and P.2,898,000 in special taxes imposed to service the $25,000,000 Export-Import Bank loan.

Although the External 4½s, 1977, alone are considered to have any speculative attraction at the present time, other issues, most of which are selling above par, should be held for income.

Result Of Treasury Bill Offering

Secretary of the Treasury Henry Morgenthau, Jr., announced on Aug. 24 that the tenders for $350,000,000, or thereabouts, of 91-day Treasury bills dated Aug. 26 and maturing Nov. 25, which were offered on Aug. 21, were opened on Aug. 24 at the Federal Reserve Banks. The details of this issue are as follows:

Total applied for $891,602,000
Total accepted 352,883,000

Range of accepted bids:

High, 99.925 — Equivalent rate approximately 0.297%.

Low, 99.906 — Equivalent rate approximately 0.372%.

Average price, 99.907 — Equivalent rate approximately 0.369%.

A total of 73% of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on Aug. 26 in the amount of $250,986,000.

Stock Exch. Commission Rates Should Be Raised And Split With Non-Member Firms Permitted

By W. TRUSLOW HYDE, JR.

Maintaining a constant demand for the billions of dollars of American securities has become a real selling job and is no longer merely a social affair.

The need of the securities market does not call for a rejuvenation or refinement of past practices but an adequate staff of capable salesmen to bring the idle funds of the public into the market. Naturally, securities salesmen must be paid just as vacuum cleaner, automobile or insurance salesmen are paid. But even with the most recent increase in commission rates, the compensation of customers brokers, the new term for salesmen of Stock Exchange houses, is entirely inadequate. To make $5,000 a year under the most liberal alowance made by Stock Exchange firms, a customers broker must sell either $3,000,000 worth of stocks or $8,000,000 worth of bonds. To obtain this volume from individual investors is a physical impossibility. There just aren't enough hours in a year to induce 600 individuals to invest $5,000 apiece in stocks or 1,600 individuals to invest $5,000 apiece in bonds. Even if this were possible, however, the prospect of a $5,000 gross income would not be sufficient inducement to attract men of suitable abilities. Securities salesmen cannot be expected to work for a commission of 0.2%.

But there are men of ability and experience wiling and anxious to sell securities listed on the Stock Exchange as soon as they are offered an adequate commission. These men are the salesmen of the 2,000 unlisted houses who are members of the N.A.S.D. Despite the handicap that they are now barred from selling the securities of many of the country's best corporations because they are listed on the Stock Exchange, they are able to make a living selling unlisted securities to individual investors. There have been proposals to enlist the services of these salesmen by splitting Stock Exchange commissions; but, since the commission is not large enough to split, the plan as offered is not feasible. How can a man be induced to sell a security for a fraction of a commission when all of it would be insufficient?

The only way to obtain a demand for securities and insure a liquid market is to pay salesmen to develop it. As Henry J. Kaiser revolutionized the shipbuilding industry by breaking away from old, accepted practices, the Stock Exchange must throw out its antiquated ideas of commission rates. It must establish a minimum commission of at least 2% which will not only enable its own salesmen to make a living without inducing customers to overtrade to every one's disadvantage but will also provide a sufficiently large commission to split with accredited unlisted dealers. The result will be increased volume as the orders, which cannot now be economically solicited, flow in from salesmen of both member and non-member firms.

James Brown Dies

James A. Brown, Vice-President of Clement A. Evans & Co., Inc., Atlanta, Ga., died at the age of forty-six. Mr. Brown began his investment career in Atlanta as a Vice-President of the Trust Company of Georgia, leaving there to become President of the Equitable Company with which he was associated until 1941 when he joined Clement A. Evans & Co.

Attractive Situations

The current situation in Philadelphia Reading Coal & Iron Co. 5s of 1973, certificates of deposit, and 7s of 1949, and in Denver & Rio Grande Western 4s of 1936 offers attractive possibilities, according to circular issued by Schoonover, deWillers & Co., Inc., 120 Broadway, New York City, from whom copies may be obtained upon request.

Reserve Requirements Cut In N. Y. & Chicago

The Board of Governors of the Federal Reserve System announced on Aug. 18 a reduction in reserve requirements to 24%, from the existing rate of 26%, of net demand deposits for central reserve city member banks in New York and Chicago, the reduction becoming effective as of the opening of business on Aug. 20, the Reserve Board's announcement said. This action is in accordance with the Act of July 7, 1942, which gave to the Board the power to change reserve requirements of member banks in central reserve cities without changing requirements for member banks in other cities. The text of this Act appeared in our issue of July 16, page 200.

This move by the Board will result it is understood in adding about $400,000,000 of excess reserves of member banks in New York and Chicago. The 26% requirement on demand deposits for Central Reserve Cities, which is the statutory limit, had been in effect since Nov. 1.

Regarding the Reserve Board's action Associated Press, Washington advices Aug. 18 had the following to say:

"Officials said the action had been taken because the lendable funds of banks in those two centers had fallen to $150,000,000, the lowest figure, so far as could be recalled, since the first World War. As recently as 1939, New York and Chicago banks had more than $3,500,000,000 of such idle funds.

"Behind the action was an important change in the flow of the nation's money occasioned by the war. In peacetime, the country's money tended to pile up in New York and Chicago because of their position as financial centers. Now, however, the nation's principal business is making weapons for war, and Treasury checks by the billions of dollars are going out to factories and to men and women all over the country. As a result, banks elsewhere generally have much more than their usual supply of investment funds, while New York and Chicago have proportionately less.

"The action, in the opinion of officials, in no way affected the interest of the depositors. Even the revised reserve requirement in New York and Chicago is higher than the rest of the country. In the ten other Federal Reserve cities, the reserve requirement is 20%, and in all other communities it is 14%. In the case of time or savings deposits, the rate is a uniform 6%.

"Since war financing dominates the investment field, the New York and Chicago banks are expected to use a substantial portion of the newly released funds to buy Treasury securities. However, Federal Reserve officials said, it would not be accurate to say that this was the purpose of the order.

Outside of New York and Chicago the member banks of the Federal Reserve System have about $2,000,000,000 of free funds, technically called excess reserves.

Wm. Stafford, Sr. Dead

William F. Stafford, Sr., member of the New York Stock Exchange, died at Huntington Hospital after suffering a stroke. Mr. Stafford had been active in Wall Street for about 38 years.

Butler, Herrick To Admit

Andrew R. Butler will be admitted to partnership in Butler, Herrick & Marshall, 30 Broad Street, New York City, members of the New York Stock Exchange, on Sept. 1. In the past Mr. Butler was a limited partner in the firm.

Blauner, Simons To Admit

Ernest A. Linburn, member of the New York Stock Exchange, will shortly become a partner in the New York Stock Exchange firm of Blauner, Simons & Co., 25 Broad Street, New York City.

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Our Reporter On "Governments"

(Continued from first page)

against demand deposits is 14%. . . . In all cities, the requirement against time deposits is 6%. . . .

Chances are the requirement rate will run along as is for a while and then, when the Chicago and New York banks get into a tight spot again, the rates will be cut again. . . . Maybe to 22%. . . . And then, a third step might bring them down to 20%. . . .

And then, if conditions warrant (which they probably will in the future) the rates of all banks may be lowered. . . .

To sum up then:

(1) The board intends to keep a firm grip on the interest rate situation, but to ease requirements of New York and Chicago banks and of banks generally, only as changes are demanded. . . .

(2) The Federal Reserve again has shown its determination to maintain the over-all level of interest rates. . . .

(3) But the authorities have revealed they will not take steps that might ease the money situation too much at one time, for always along with control of the Government bond price level, goes the demand for all moves to avert inflation. . . .

INSIDE THE MARKET

To indicate the "squeeze" on city banks before reserve requirements were lowered in New York and Chicago, borrowings of Federal funds at the New York Federal Reserve Bank hit a peak of $90,000,000 one day recently. . . . That was the highest level shown in years, brought back memories of the days when borrowings of funds by banks from the Reserve institutions was the usual and not the exceptional thing. . . . Interest rate on "Federal fund" borrowing is ¼ of 1%. . . . Rate on discount bill purchases by Reserve is ⅜ of 1%. . . .

Treasury announcement that $662,000,000 maturing Treasury notes and RFC securities are to be paid off on respective maturity dates of Sept. 15 and Oct. 15, took financial community by surprise. . . . No point in denying that this writer anticipated a refunding on simple, straight logical basis that refunding would be easy and Morgenthau wouldn't want to use up $662,000,000 unnecessarily at this time. . . . Purchasers of RFC's and Treasury 2s didn't lose anything, for this has been a riskless wager all along. . . . Didn't gain anything either. . . . Morgenthau apparently wanted to make sure "we" didn't start guessing with any degree of confidence concerning his plans. . . .

In the "street," there are two schools of thought as to the long-term wisdom of that plan. . . .

New York banks have been buying discount bills and certificates since revision in their reserve requirements. . . .

Large banks in other cities reported fairly heavy buyers of shortest-term notes, those due especially in the one and two-year maturity range. . . .

Life insurance company investments in Governments now total around $1,800,000,000 for 1942 to date, representing more than 58% of this year's purchases and comparing with purchases in same 1941 period of only $502,000,000. . . . It's mostly the registered 2½s, of course. . . .

Figures on allotments of certificates of indebtedness in April, June and August reveal that wider and wider distribution of certificates is being attained and institutional investors outside of the big Eastern cities are responding in greater and greater volume. . . . Rise in interest rate, naturally, has been big factor. . . . So has been publicity and so has been redistribution of reserves in recent months. . . . But here are some impressive figures:

New York took $833,000,000 of the April issue, $731,000,000 of the June issue, $698,000,000 of the August issue. . . . Boston took $104,000,000 of April's, $90,000,000 of June's, $78,000,000 of August's. . . .

Now notice this contrast: San Francisco took $64,000,000 of April's, $102,000,000 of June's, $122,000,000 of August's. . . . Kansas City took $23,000,000, $43,000,000 and $48,000,000, respectively. . . . Chicago took $186,000,000, $246,000,000 and $278,000,000, respectively. . . . Richmond took $40,000,000, $43,000,000 and $50,000,000. . . .

And so it goes. . . . Obviously, the wider distribution is a fact. . . .

BANK RATIO

Authoritative report out of Washington is that soon several monetary authorities will make announcements to the effect that the one-to-ten capital-asset ratio on longer is sacrosanct and banks may ignore it when they're in the market for Government bonds. . . . Announcements expected from various officials and then one single story may come out from FDIC Chairman Crowley or Treasury Chief Morgenthau or Federal Reserve Board Chairman Eccles. . . .

The fact is this ratio can't be maintained if banks are going to buy as many Government bonds as they must during this period of low stock prices and unpopular bank stocks. . . .

The fact is, the member banks of the Reserve System already hold $26,000,000,000 of Governments and they're going to hold another $30,000,000,000 or so a year from now. . . . Their assets are skyrocketing. . . . Their capital is staying just about where it was a while back. . . . No one-to-ten ratio can be maintained under those conditions. . . . Either the banks have to stop buying Governments or the ratio—so treasured by the authorities in the decade of the '30s—must go by the boards. . . .

You can supply the answer as to which one will go. . . . So if you've been worrying about your ratio, you can forget it. . . . No authority will scold you for passing it in these times. . . .

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THURSDAY

In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 156 Number 4102

New York, N. Y., Thursday, August 27, 1942

Price 60 Cents a Copy

Senate Revising Tax Bill; To Tax Future Municipal, State Bonds; Lower Exemptions

The Senate Finance Committee began in executive session on Aug. 24 the drafting of its revisions of the House-approved tax bill, designed to yield $6,271,000,000 in additional revenue. Following the conclusion of its public hearings on the measure on Aug. 14, the Committee had recessed on that day until the 24. On Aug. 22, Senator George, Chairman of the Committee, indicated that with the double objective of averting inflation and seeking additional war funds there would be, according to the Associated Press, a "frank and candid" consideration of the individual income tax provisions of the bill by the Committee. In taking up the bill on Aug. 24 the Committee by a vote of 9 to 7 tentatively voted to tax future issues of State and municipal securities. Other important action taken by the Committee in its first executive session on Aug. 24, was indicated as follows in advices to the "Wall Street Journal" from its Washington bureau:

"1. Reduced the individual's exemption for dependents from $400 as written in the House-approved version, to $300. Committee Chairman George (Dem., Ga.) estimated the change would bring in $220,000,000 additional revenue.

"2. Agreed to allow a new deduction for medical expenses in excess of 5% of net income but not to exceed $2,500. Action on general debt relief provisions for individuals was postponed until today's session.

"All committee votes were tentative pending the working out of a complete war-time tax structure."

Also, said the account from which we quote, the Committee

(Continued on page 726)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

If you don't think we are living in a crazy world, just contemplate this. On every hand we hear people expressing the fear that we are about to lose at home the very things we are defending abroad. We hear newspaper editors reflecting this. But then in the next breath they are demanding that some Government agency crack down on somebody. A striking example is the demand that Paul McNutt's War Manpower Board take over complete control of labor, transferring it from one industry to another, from one community to another as it sees fit.

Everything, without regard to the consequences, must be done to insure victory, chorus the editors, at the same time insisting that we must beware that we maintain the freedom that our boys are being sent all over the world to defend.

The insistence upon the Manpower Board's taking over complete control of labor is worrying some of the more substantial labor leaders. They see in it the regimentation of labor that more thoughtful observers saw was the trend over the whole people long before the war. They have, in any number of instances, talked with industrial leaders and asked them to make statements decrying the trend. Two industrialists of our acquaintance refused on the grounds that it was up to labor to paddle its own canoe.

(Continued on page 731)

Statistics Omitted From "Chronicle" At Direction Of War Censorship Board

The Office of Censorship, Washington, D. C., has requested the "Chronicle" to cease publishing in its columns various trade index statistics and related information which regularly appeared in each issue prior to our entry into the war. These concern figures which pertain to the monthly production, shipment and unfilled orders of certain strategic materials; also other statements and reports which may prove of value to our adversaries in the present conflict. In addition, we are obliged to give in somewhat abbreviated form other reports for the same reason.

The "Chronicle," of course, recognizes its duty and responsibility in fully observing the board's regulations and will not knowingly publish any information which violates in any degree the board's "Code Of Wartime Practices for the American Press."

Meanwhile, we must ask the indulgence of our readers for any inconvenience caused by the necessary omissions. We will, of course, resume publication of all of this information to the same extent and manner as was our regular custom as soon as circumstances permit.

Some of the principal reports which we can no longer publish, or only give in curtailed form, in compliance with the board's regulations and ruling, are as follows:

American Zinc Institute Summary

Copper Institute Summary

Pig Iron Production

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation.

Daily and weekly sales reports of copper, lead and zinc have had to be eliminated from the "Non-Ferrous Metals" article which we still continue to publish.

GENERAL CONTENTS

Special Commentary

Page

Inflation: Democracy and Collectivism 722

Regular Features

Financial Situation 721
From Washington Ahead of the News 721
Moody's Bond Prices and Yields.... 732
Items About Banks and Trust Cos.... 736

State of Trade

General Review 722
Commodity Prices—Domestic Index. 735
Retail Food Costs Advance........ 735
Carloadings 734
Weekly Engineering Construction... 733
Paperboard Industry Statistics...... 734
Weekly Lumber Movement.......... 734
Fertilizer Price Index........ 732
Weekly Coal and Coke Output...... 732
Weekly Steel Review........ 726
Moody's Daily Commodity Index... 732
Weekly Electric Power Output...... 730
Weekly Crude Oil Production...... 733
Non-Ferrous Metals Market........ 733
Gross and Net Railroad Earnings In First Six Months........ 730
Federal Reserve July Business Indexes 735
Living Costs Increase In Large Cities 725, 728
Factory Workers' Hours, Earnings In June 724
July Dept. Stores Sales In N. Y. District 733
Commercial Paper Outstanding.... 730
July Cotton Consumption Sets Record 728
August 1 Cotton Report........ 729
Federal Reserve Reports Gains in Industrial Activity 736

Miscellaneous

Senate Group Resumes Tax Bill Study 721
Dependents Aid Bill Signed........ 726
California Business Gains........ 726
Agency To Buy Iron, Steel Scrap.... 726
Increase Textile Workers' Pay...... 723
Bank Loans for War Production Up. 723
Urges Meat Allocation Program.... 723
Tool Engineers Intensify Training.. 723
Would Restrict Tax Board Appeal Eligibles 723
To Address Controllers Meeting.... 723
Savings Accounts Reflect Excess Earnings 722
Wants Nationwide Gasoline Rationing 722
Navy Adopts New Labor Program... 735
Argentine Internal Loan Successful. 735
London Post-War Rebuilding Plan.. 732
Treasury To Redeem Issues In Cash 732
Warns Axis of Retribution........ 727
Brazil Declares War On Axis Powers 727
Closes Banks, Shipping Seized.... 722
Savings, Loan Investments Advance 727
Acts to Avert Farm Labor Shortage. 727
New Cotton Exchange Members..... 727
Tap Bond Issue Allotments........ 727
Explains Transfer of Fair Employment Practice Group........ 728
Authorize "Waves" 728
Asks Public to Deliver Steel Scrap.. 728
New Dwellings Increase........ 728
Non-Farm Mortgages Higher........ 728
U. S. Mission to Bolivia........ 728
Canada Crop Conditions Continue Good 728
Payment on Cordoba 7s........ 728
Traitor Must Die........ 728
Heads Coffee & Sugar Exchange..... 728
More Negroes in Industrial Work... 729
Dispose Bank Records as War Measure 729
New Rule on Public Funds Deposit. 729
Urges Oil Burner Conversion....... 729
Review Army Women's Corps....... 729
Would Abolish War Contract Fees.. 729
Seek Government Contracts for N. Y. City........ 729
War Bond Payroll Plan Urged on Small Firms 729
Revise Minute Man Emblem Awards 725
Sees Large Market for New Homes. 725
Factory Employment Rises in N. Y. State 725
Wickard Urges Farm Parity Repeal. 725
Mtg. Bankers to Insure Farm Loans 725
Survey Forecasts Industry-wide Collective Bargaining 724
Federal War Construction Employment Soars........ 724
OPA Interpretative Digest........ 724
Chicago Home Loan Members Gain.. 724
Controllers Convention Convenes Sept. 21 734
Urges Government Review of All Wage Increases 730
Treasury May Revamp New Five-Cent Coin 736
Federal Home Loan Debentures Sold 736
ABA Executive Council Meeting.... 730
Government Employees at New Record 730
Contribution to Navy Relief........ 730

THE FINANCIAL SITUATION

It was perhaps inevitable that the vast extension and improvements that have been effected in communications, and the popularization of "education" which has accompanied these developments should give rise to a host of misconceptions in the minds of the rank and file. Probably it was as inevitable that government itself should seize upon the opportunities thus offered to achieve its own ends, good, bad and indifferent. It seems to be a failing of most of us to wish to educate the rest of us, but when propaganda (usually called by another name, of course) issues from government and carries the prestige of being "official" in character its influence is multiplied many times over. New Deal managers were not the first to oversimplify complex problems of which they had but little real understanding, or to fight their battles with a barrage of slogans, but they soon made those who had preceded them appear amateurs in the art. The damage inflicted has been incalculable.

Familiar But Inappropriate Technique

All this, however, is an old and familiar story. What is more to the point at the moment, and apparently much less widely realized or understood, is the fact that precisely the same technique is being carried over into the task of mobilizing the people of this nation in the vast war effort in which we now find ourselves engaged, and that further and quite unnecessary damage may be set down as certain as a consequence of its continuance. In times of great emotional strain such as war inevitably produces the rank and file are much less apt than usual to be skeptical of what they are told by government and other influential leaders, and less likely to subject phrases and terms to a critical examination. Ideas, or what they suppose to be ideas, plausibly set forth for their consumption are accepted—and quite uncritically and naively applied to situations in ways wholly inappropriate. They are not only accepted but are echoed again and again throughout the land until they become by-words among the unthinking. When these notions, at least as understood by the rank and file, are without foundation, the end result must be disappointment and unrest.

"Income" and "Savings"

It appears to us that the use now being made by

(Continued on page 723)

No Democracy In Taxation

The trouble with this bill is that it fails to tax two-thirds of the people's income.

Out of a total of $95,000,000,000 of net income received by 130,000,000 individuals, $36,000,000,000, or 37%, escapes taxation altogether. It isn't even shown on any income tax return.

Fifty-two and one-half billion dollars more is exempt under the personal exemptions, earned income credit, and credit for dependents. Only $26,500,000,000 of income out of $95,000,000,000, or 28%, pays income taxes. The total paid by 130,000,000 people is $2,500,000,000 less than what we are collecting from business corporations.

About half of what we do get from individual incomes comes from those with incomes of more than $10,000 a year. We get more money from liquor and tobacco taxes than we do from the income of 90% of the people whose net income is $3,000 a year or less.—Senator Taft.

There are a good many who believe in democracy in almost everything except taxation.

Senator Taft is clearly not one of them. We wish he had more company.

Inflation; Democracy and Collectivism

Lewis Haney, Professor of Economics, New York University, recently had the following to say on the subject of inflation in the columns of the New York "Journal-American":

"There is nothing much more futile and misleading than all this talk about a 'crucial battle against inflation.'

"Those well-meaning persons who go on about what inflation would do to us if we catch it are doing great harm.

"The fact is that we have inflation now; and to 'fight' it as if it were not already here would be fighting Germany in Europe while allowing her spies and saboteurs to work freely in our midst. The viewers-from-afar-with-alarm who deplore the post-war burden of economic and social dislocation which they say inflation will bring would do better to attack existing dislocations. These exist in public debt, wages, prices and bureaucracy—and how!

"For months, some observers have been howling about the absence of any effective measures against inflation. They admit that nothing has been done that amounts to much. Well, isn't that the answer? How long do they think that inflation can go on without our becoming inflated? Inflation has grown while they howled.

"If these blind critics meant by a war on inflation an attack on existing inflation, designed to remove its causes and reduce its amount, I would be with them 100%. But their notion is to sit on the safety valve or fight the symptoms of the disease.

* * *

"Inflation is a disease of money and credit. It comes about by spending for unproductive purposes which brings debts that can not or will not be paid. Such spending means an over-extension of credit. It makes little difference in principle whether the spending be in terms of paper notes used as currency or of bank credit.

"What, then, can you expect when a Nation's money comes to mean nothing? When dollars are poured out like water, so that our citizens look upon another billion as nothing, it is a sure sign that we are credit-drunk—which is just another way of saying inflation. We are still measuring the war effort, not in terms of sweat and blood, but in terms of billions of dollars. We are still measuring our social well-being in terms of dollars of 'national income' instead of sacrifice and reduced standard of living.

"The prices of silver and farm products are inflated. Wages are inflated. The bond market is inflated. And what do you think about the other army—the army of bureaucratic Government employes? All these inflations have been going on for years. What do you suppose bank deposits mean?

"As long as we go ahead 'creating' billions of dollars without regard for the economic laws of production and the economic value of money, we are going to have a greater and greater inflation potential. And I believe that the only way to conceal it or prevent such a potential from becoming effective is the German way of coercion and forced labor, which is worse than inflation."

The views expressed by Benjamin DeCasseres on democracy and collectivism in the columns of the same paper also merits reprinting and appear below:

"Again and again I must point out one major reason **why** we fight, **why** we sacrifice, **why** we die:

"When the whole controversy between democratic institutions and collectivism—whether it is called Communism, Socialism or Fascism—is cut down to its basic principles that which emerges is the right to 'competitive enterprise.'

"This system of competitive enterprise is essentially American because for the first time in the history of the world a constitution was adopted that guaranteed in every line, either actually or by inference, the right of every individual to be unmolested in his private life and business ventures.

"The opposite of this is Socialism, Communism and Fascism. They aim, in their several ways, at State monopolies, regimentation of business and private lives and necessarily, the complete destruction of the competitive system.

"How certainly competition is inherent in the very nature of things is seen in the case of Communistic Russia, which, while she has destroyed nearly all competition at home, has labored day and night in a competitive trade strife with the rest of the world.

* * *

"The competitive principle in its healthy, normal activities between man and man, between enterprise and enterprise, is the father of all that we call 'civilization' and 'progress.'

"The collectivist system would ultimately destroy the system of competitive enterprise by paralyzing the central motive for emulation, for rivalry, for competition—that is, PROFIT.

"COMPETITION and the PROFIT SYSTEM are the soul of industrial America. When they go CIVIL LIBERTIES will go with them."

The State Of Trade

Business activity showed gains in almost all quarters during the week ended Aug. 15.

Production of electricity reached an all-time high of 3,654,795,000 kilowatt hours. This compares with 3,649,146,000 kilowatt hours in the week ended Aug. 1 and with 3,637,070,000 in the week ended Aug. 8. The latest total was 12.9% above the year ago output of 3,238,160,000.

Carloadings of revenue freight for the week ended Aug. 15, totaled 868,845 cars, the highest since Nov. 15, 1941, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 19,093 cars over the preceding week this year, 21,492 cars below the corresponding week in 1941, and 125,795 cars above the same period two years ago. This total was 128.04% of average loadings for the corresponding week of the ten preceding years.

The steel industry will operate at 97.3% of capacity this week, thereby turning out 1,664,500 net tons of steel ingots, according to the estimates of the American Iron & Steel Institute. Last week steel mills operated at 97.2% to turn out 1,662,800 tons of steel.

A month ago the operating rate stood at 96.3%, while the rate of operations was reported at 96.5% one year ago.

Engineering construction awards this week were nearly three times the amount reported in the comparable 1941 week and 15% higher than in the previous week this year, according to "Engineering News-Record."

Department store sales on a country-wide basis remained at the same level for the same week ended Aug. 15, last, as for the like week a year ago, according to the weekly figures released by the Federal Reserve System.

Department store sales in New York City in the week ended Aug. 15, were 8% smaller than in the same 1941 week, and in the four weeks ended Aug. 15, were 10% under those of the like period last year, the New York Federal Reserve Bank reported.

Some form of retail inventory control may be attempted as the result of the reported discovery by Government field workers of relatively large inventories in the hands of large concerns and meager inventories in smaller retail units. A report on inventories is now before Joseph L. Weiner, Deputy Director of the Office of Civilian Supply, and action is expected this week.

Since the supply of consumer's goods is now steadily decreasing most retail stores can be said to be living off their fat. A possible seizure and reallocation of inventories would therefore have a direct bearing on sales volume later in the year, because some of the reallocated goods could not be replaced, or at least could not be replaced in sufficient quantity.

Not all retail stores are of course affected by likely inventory control. There are ample supplies of foods. farm supplies liquor and goods for general stores, observers state. Consequently, this type of store is not likely to suffer any diminution of trade regardless of inventory control action.

The mounting wave of shutdowns due to materials shortages may cause a severe jolt to labor morale, Government administrators fear.

Closing plants amidst a national emergency is a spectacle which during continued peak war production not only increases labor restiveness but also tends to hamper operations as well. Employees who fear that shutdowns are imminent are not likely to hasten such a shutdown by all-out exertion. Slowdowns are expected as a result.

The War Production Board's awareness of this problem is indicated by the calling of joint WPB-labor meetings. By acquainting labor leaders with the nature of the materials shortage problem and seeking their aid in its solution, it is hoped labor restiveness can be reduced.

Labor shortage is slowly creeping up to the point where now it ranks next to raw material shortages as a drawback to expanding war production, an official survey shows.

Three-fifths of the companies consulted by officials have experienced materials shortages that have caused a slowdown in war production and one quarter of the concerns reported labor shortages.

Spurred by recent criticism that critical materials have been expended with an unnecessarily lavish hand in the war production effort, Federal agencies have embarked upon a comprehensive materials conservation program that is expected to play an important part in breaking the present materials bottleneck, according to Washington advices.

Unaccompanied by the fanfare that usually signals such ventures, the program nevertheless bears evidence of having been inspired by the highest sources in the capital.

In view of General Hershey's warning that the number of able-bodied men in industry will be drastically reduced in the near future, personnel executives are taking steps to cope with the prospective depletion of their working forces. The task is likely to be all the more difficult since selective service spokesmen warn that occupational deferments will be tightened.

Selective service officials have advised employers to make a systematic survey of employees' draft status as the first preparatory step. Replacements should be made from married men with dependents, from men over forty-five and from women.

The latter course is the one that will assume the greatest importance as the war continues. Training programs for women are reported to be lagging. The accelerated demand for men in the armed services, however, should speed such training programs.

Brazil Closes Axis Banks; Seizes Ships

Three of the largest Axis-owned banks in Brazil, with assets of nearly $35,000,000, were closed on Aug. 24 by a war-time Presidential decree which also ordered the outright confiscation of 17 Axis vessels, according to Associated Press advices from Rio de Janeiro, which added:

"The German Trans-Atlantic Bank, the German Bank of South America and the French-Italian Bank of South America were closed, and liquidators were named.

"Under the order 13 Italian and four German ships totaling about 90,000 tons became outright property of Brazil. Some of the vessels already have been used as Brazilian ships with new names."

Following the action taken by Uruguay on Aug. 23, granting Brazil non-belligerent status, Argentina, Chile, Peru, Bolivia and Paraguay on Aug. 24 extended the same rights of non-belligerency.

Excess Earnings Flow Into Savings Accounts

With war bond sales by New York State savings banks in July up 72.8% over the preceding month and a record number of new savings accounts opened, the Savings Banks Association of New York State reports a definite change in the public attitude toward saving a part of their current incomes.

The Association explained as follows:

"Total war bond sales by the New York State savings banks in July amounted to $32,224,000, an increase of 72.8% over June and, with the exception of January, the largest sales in any one month since the War Bond Campaign started. Sales of Series E Bonds were $24,538,000 and were 33% of the total of "E" bonds sold by all agencies in New York State during July.

"The number of new accounts opened also was highly favorable, amounting to 86,985, as compared with 60,022 in June and 77,274 in July, 1941. This resulted in a net gain of total savings bank accounts of 5,393 for the month. The number of new accounts opened exceeded the total for the month of July in all but two of the last 10 years.

"One contributing factor to the increased number of war bonds sold is the savings banks' payroll savings service. Through this service more than 125,000 wage and salary earners are saving in excess of $900,000 a month for the purchase of war bonds. 1,650 employers are participating in these savings bank payroll plans."

In announcing these figures, Henry Bruere, President of the Association and of the Bowery Savings Bank, said:

"There has been grave concern on the part of many that new savings are not absorbing an adequate proportion of increased earnings. However, both Bureau of Labor statistics and Department of Commerce reports for the first six months show that the increase in consumer purchases has lagged behind the rapid rise in income. At the same time, until now there has not been any evidence that the surplus income was actually going to work through investment in War Bonds, purchases of life insurance or deposits in savings accounts. These figures for July coupled with those already announced by the War Savings Staff indicate that the flow of excess earnings into savings has now started and we hope that it will continue to increase sharply over the coming months."

Nation-Wide Rationing Of Gasoline Favored

Senator Byrd (Dem., Va.), on Aug. 15 called for nation-wide rationing of gasoline, asserting that it was "grossly unfair and destructive of public morale" to permit citizens in 31 States to obtain all the gasoline and fuel oil they needed and to ration those in 17 States."

In a statement Mr. Byrd declared that "each day it becomes more evident that we must have nation-wide rationing of gasoline. We are short of rubber and short of transportation for oil and gasoline. The only obvious and just thing to do is to ration these necessities on a nation-wide basis."

The Senator added that "there is growing discontent among the 17 rationed States as to this injustice, and properly so."

Mr. Byrd said he knew that high officials of the Government had recommended to President Roosevelt that gasoline and fuel oil be rationed on a nation-wide basis, adding:

"Why the Administration delays, I do not know."

THE FINANCIAL SITUATION

(Continued From First Page)

Washington authorities, and some others too, of the terms "national income" and "savings" fall very decidedly into this category. Trained economists do not agree among themselves concerning the meaning of these terms, or at least concerning the appropriate procedure by which they may be given statistical expression. There will be many, we feel certain, who will call into question the figures on "national income" given to the public early this week by the Department of Commerce. The harm such discussions, widely publicized, are likely to do, is, however, of a different order. To the man in the street, the word "income" has a fairly definite connotation which can scarcely be carried over helpfully to the current concept of "national income" applied in circumstances such as those now prevailing in this country. The farmer would scarcely think of a white elephant which by chance was forced upon him or the cost of a fence he was obliged to erect to protect his sheep from straying dogs as a part of his income.

Yet when we stop to think of it, we find items not greatly dissimilar forming a very substantial part of the "income" of the nation as currently compiled. In the broader economic sense an appreciable part of our "national income" during the pre-war years of New Dealism consisted of white elephants. A much larger portion of our national income today, of course, consists of devices and services designed to protect ourselves and our property from wolf packs on the hunt. Of course, when wolves are on the prowl we must have and do whatever is necessary to protect ourselves and our property. If we provide ourselves with such protection we shall be far better off than we should have been had we neglected to do so, or done so ineffectually, but we shall be not better but worse off than we were before the wolves began to prowl. We shall be courting trouble if we count this sort of gain "income" without a clear understanding of its nature. Precisely that danger is present when the public is repeatedly told how greatly the war effort has increased and is increasing "national income." We should school ourselves to think of funds expended on war as outgo not income, no matter who receives the funds thus disbursed. It might serve to save us many serious blunders after the war is over.

"Investing" In Bullets and Bombs

Related misunderstandings are clearly arising as to the nature and meaning of savings. Such misunderstandings are clearly encouraged if not created when the individual is urged to "save" and "invest" in bullets and bombs. An individual could quite conceivably reduce his living costs below his income, buy Government bonds to finance war operations, and reasonably term the process saving and investment. Let each and every one of us follow the same procedure and the results are not what they appear upon the surface to be. We may be saving in the sense that we are not devoting all of our income to current consumption of the ordinary sort. We may be investing in the sense that we are buying promises to pay. We are, however, but buying our own collective promises to pay, and our savings consists of doing without automobiles and other things to which we are accustomed in order to buy (or produce) other articles or services which add nothing to our wealth, but on the contrary consume our resources, our energies and even our lives.

We hardly need add, we hope, that we do not intend to convey the impression that this type of "saving," if such it be termed, is not desirable or even essential if we are to carry through to a successful conclusion a war which we can not afford to lose. What we are saying again is merely that we must not permit ourselves to be deceived by such words as "saving" or by analogies implied in its current use. What we are suggesting is that Government and leaders of opinion everywhere take the utmost pains, which they are not taking now, to avoid creating or encouraging misconceptions which could at a later date cost us all dearly. We as a people can not in a larger and truer sense save anything for a rainy day by processes such as these here under discussion. All that we can hope to save really is as much as possible of what we already have. No matter how carefully we husband our individual resources and no matter how conscientiously we practice frugality in our daily lives, we shall emerge from this war far poorer than we were when we entered it. The fact that a relative handful may and doubtless will emerge for one reason or another better off economically than when the war began proves nothing. They will be the exceptions which prove the rule. Their gain will be some one else's loss.

It would, of course, be difficult to determine precisely how greatly the rank and file are being mislead by the stuff and nonsense that blares through the radio incessantly from the mouths of Government officials and their hirelings about all such things. Every reasonable man who pauses to do some quiet thinking for himself must long ago have come to the conclusion that much of this propaganda (it is, of course, nothing else) is not only rather nauseous but likely to be toxic. We all must hope that the propagandists are chiefly deceiving themselves, yet it would be strange indeed if this continuous stream of fallacious pleas, by their very repetition if for no other reason, did not build up a dreadful load of misconception for our post-war shoulders to carry.

NWLB Gives Wage Rise To Textile Workers

The National War Labor Board announced on Aug. 15 that it had approved a 7½ cents hourly increase in the wages of the 61,000 workers employed in 40 New England and 11 Southern mills. In a statement formally announcing its decision, the NWLB said that "the wage rates of the companies involved in this case have lagged behind the wages of many other companies in the industry, which have recently granted voluntary wage increases, particularly in the South."

The Textile Workers Union of America, CIO, representing the workers in 28 of the New England mills, and all of the 11 Southern mills had asked for a 10 cents an hour increase in the North and a 20 cents increase in the South, in order to wipe out the North-South differential. The United Textile Workers of America, AFL, representing 11 mills in the New Bedford, Mass., area, and one in Waterville, Me., had asked for a 10 cents hourly increase. The Northern mills joined the unions in the request that the regional differential be eliminated but the NWLB did not grant this.

According to a survey, made by the Bureau of Labor Statistics at the joint request of the mediation panels, there are 485,000 textile workers in the country. Of the 100,000 in the North, nearly half were involved in the wage case, while, of the 385,000 workers in Southern mills, only 13,000, or 2%, were affected. The survey further revealed that the average hourly earnings for the entire country for the cotton goods industry in April, 1942, were 51.5 cents, compared with 81.9 cents for all manufacturing, a difference of 30.4 cents. The average hourly earnings of textile workers of Northern mills in February, 1942, were 58.8 cents and for Southern mills, 48.7 cents, while the average weekly earnings in the same month were $24.46 in the North and $19.82 in the South.

A reference to an order of Chairman Davis, of the Labor Board, issued in July for the stabilization of wages in nine New England textile plants, appeared in our July 30 issue, page 375.

Bank Loans For War Production Increase

Loans made by 423 of the nation's larger commercial banks to finance the production of orders for war goods increased more than $1,000,000,000 during the second quarter of 1942, according to the quarterly report of war lending activity of the American Bankers Association, released for publication on Aug. 22. The Association's advices state:

"The study, begun a year and a half ago, consists of a quarterly survey of the war lending activity of 500 of the larger commercial banks. Of the 500 institutions queried, 423 banks in 162 cities reported that they had a total of $4,179,052,261 outstanding in loans and loan commitments on June 30, 1942. This is an increase of $1,058,566,001 over the volume outstanding on March 31. The March 31 total was $3,120,486,260.

"The 423 replying banks reported loans and commitments to finance the manufacture of supplies and equipment totaling $2,455,369,175, for plant facilities and construction $1,022,668,410, and working capital loans arising out of operations contributing indirectly to war production totaling $701,014,676.

Holds Meat Allocation Shortage Preventive

The Food Requirements Committee of the War Production Board, at a special meeting on Aug. 18 on the problem of meat supplies, recommended that the Government develop a program for allocation of limited meat supplies in order to assure equitable distribution and that the Office of Price Administration proceed with studies of a meat rationing program.

The following resume of the group's meeting on the meat supply problem was issued by Secretary of Agriculture Wickard, who is Chairman of the WPB's Food Requirements Committee:

"Arrangements were made for the determination of the total requirements to be filled with United States meat during the coming months, including those of the United States military forces, the United Nations and the American civilian population. Estimates of these needs will be provided by the responsible agencies of the United States Government and by the Combined Food Board of the United States and the United Kingdom.

"After reviewing the current supply situation, and the preliminary reports on the future requirements and supplies the Committee recommended that the military agencies, the Lend-Lease Administration, and the WPB collaborate in developing a program for allocation of Government procurements as equitably as possible among Federally-inspected packing establishments in the United States.

"The OPA representatives reported that work has been in process for some weeks to remove inequities as between regions in meat price ceilings. To provide assurance that inequalities in distribution to civilians will be remedied, the Committee recommended that the WPB develop a program for allocation of meat supplies in the different regions of the country.

"OPA representatives reported that for some time that agency had been developing procedures for rationing meats and other commodities among civilians if the supply situation required such action. The Committee asked OPA to proceed as rapidly as possible with the formulation of such procedures for consumer rationing of meat, to be applied in the future only in case the allocation of Government purchases among packers, and the adjustment of price ceilings, combined with regional allocation of meat, should not solve the problems of equitable distribution throughout the country."

Tool Engineers To Confer

The production problems that have arisen in America's first nine months of the war and plans to solve the threatened bottlenecks in war industry due to shortages of critical materials, etc., will be discussed at the War Production Conference called by Otto W. Winter, President of the American Society of Tool Engineers, at Springfield, Mass., on Oct. 16 and 17. Headquarters of the conference will be at the Kimball Hotel and representatives from industry covered by all the 54 chapters of the national technical society are expected to participate in the meeting.

Five important sessions, each stressing a vital question that faces war industry today, have been scheduled for the two-day session which will be concluded with a banquet.

Tool Engineers Group Intensifies Training

In answer to the appeal of War Manpower Commission Director Paul V. McNutt for more and more skilled men in war production plants and the warning of selective service head Gen. Lewis B. Hershey that the draft will drain war plants of skilled help unless replacements are immediately trained, the American Society of Tool Engineers has embarked on a campaign for establishment of more adequate tool engineering training facilities in the 54 war production centers represented by the Society's chapters. "Training of skilled workers for war production now is probably the most important activity confronting the country's technical societies," said Otto W. Winter, President of the ASTE and head of the organization's training program. He added:

"The ASTE first recognized this early in 1941 with a national survey which warned of the impending manpower shortage in the technical fields and immediately set up a program of active assistance to help industry and educational bodies in overcoming this shortage. Now the ASTE is again expanding its set-up and streamlining it to coordinate the various training activities—in industry and out—on a national and area basis."

Would Limit Practice Before Tax Appeal Bd.

On Aug. 18 the Senate Committee was asked to strike from the pending tax bill the provision opening to all comers the privilege of practicing before the Tax Appeals Board. The request for the elimination of the provision come from Atty. Gen. Francis Biddle and Chmn. J. E. Murdock of the Board of Tax Appeals, who warned the Committee that the provision exposes millions of new taxpayers to racketeers posing as tax experts. United Press accounts from Washington reporting this, added:

"The Board was established 10 years ago to consider claims by the Treasury that individuals owed more income taxes than they paid. Practice before it now is limited to lawyars and certified accountants. The House bill changed the designation of the Board to 'court' and let down the restrictions on eligiblity for practice.

"'The Board is aware of the fact,' Murdock wrote Senate Finance Chmn. Walter F. George, D., Ga., 'that many unqualified persons have set themselves up as tax consultants, experts and specialists.

"'Now that the tax base has been broadened, thousands of new taxpayers in the lower brackets will be fair game to such people. Their cheap prices will attract clients, and the latter will pay heavily in the end because of inadequate representation.'

"Mr. Biddle told Senator George he advised the Treasury and the House Ways and Means Committee of his opposition to the entire plan to change the designation of the Tax Appeals Board at the time the proposal was under consideration in the House."

To Address Controllers

Dr. Gustav Stolper, economic advisor to leading European banks and a former member of the German Reichstag, will speak on "Capitalism After the War" at the annual meeting of the Controllers Institute of America, to be held Sept. 21 to 23 at the Palmer House, Chicago.

Survey By Twentieth Century Fund Forecasts Ultimate Industry-wide Collective Bargaining

According to central findings of a survey, "How Collective Bargaining Works," published on Aug. 10 by the Twentieth Century Fund, of New York City, with more than one-quarter of this country's workers covered by collective bargainihg contracts and trade union memberships now at an all-time high of around 11,000,000, recent developments show a tendency toward regional and national coverage in collective bargaining contracts, greater organization of employers, and ultimate evolution of industry-wide collective bargaining. The survey describes collective bargaining methods in 16 major American industries, ranging from long-unionized industries, such as railroads, through more turbulent, newly-organized ones, such as automobiles, rubber and steel.

William H. Davis, Chairman of the National War Labor Board, is Chairman of a special Labor Committee of the Fund which helped to outline the scope of the survey and supervised the work of the research staff but which bears no responsibility for the findings themselves.

"Industry-wide collective bargaining seems a logical next development," said Chairman Davis in a special statement issued in connection with publication of the survey. "It makes for greater stability throughout an industry, more responsible unions, and puts management on a more fair and equitable competitive basis so far as wage costs are concerned." Mr. Davis added:

"It seems to me that what we principally need now is more organization among employer and management groups. Such organization would do much to promote an equality of bargaining power between management and labor. As this Twentieth Century Fund survey abundantly shows, collective bargaining in America is coming of age. We can gain much by examining methods and practices, industry by industry, to see what practices have failed here, what methods have succeeded there, and using this experience to build a sound and mature structure of collective bargaining in this country."

Some measure of the growth of trade union membership since 1933 is given in an opening chapter which discusses the increase in unionization of workers under the New Deal. It says:

"Between 1933 and 1938 total trade-union membership rose from an annual average of slightly less than 3,000,000 to about 8,000,000. With business revival in 1939, following the recession of 1937-1938, it continued to expand. By early 1940, between 8,500,000 and 9,000,000 workers in the United States and Canada were atached to the AFL, the CIO, or unaffiliated 'outside' unions. The following year total membership approached 11,000,000."

These figures are given by Dr. Philip Taft, of the Economics Department of Brown University, who wrote this chapter. Research work for the survey as a whole was directed by Dr. Harry A. Millis, who selected the staff and edited the findings until he resigned in November, 1940, to go to Washington to become Chairman of the National Labor Relations Board. The release issued in the matter also says:

"A very few of the older unions have actually lost membership since 1933. Among these have been the Wood Carvers, the Metal Engravers, the Sleeping Car Conductors, the Rural Letter Carriers, the Plasterers, and the Stonecutters.

"For the most part the membership curve has run upward. 'Membership in such old and strongly entrenched organizations as the Brotherhood of Railway Carmen, the Photo Engravers' and Pressmen's unions increased rather slowly—from 10 to 30% from 1933 to 1941. The same was true of the International Typographical Union, the Sheet Metal Workers' Union and the National Federation of Post Office Clerks.

"'But unions in coal mining, clothing, baking and other industries grew by leaps and bounds. Between 1933 and 1941 the United Mine Workers' membership rose from 300,000 to 600,000, the Amalgamated Clothing Workers from 125,000 to 275,000, and the Brotherhood of Electrical Workers from 94,000 to 201,000. The Machinists more than tripled—from 65,000 to 222,000. The Bakery Workers, with some 84,000 members in 1941, showed about a fivefold increase, and the Teamsters, with over 400,000, almost a sixfold increase.'"

The report stresses spectacular gains in "hitherto unorganized, or practically unorganized, trades and industries" and says:

"The Steel Workers Organizing Committee (now the United Steelworkers of America) claimed in 1941 roughly 600,000 members; the United Automobile, Aircraft and Agricultural Implement Workers, 600,000; and the United Electrical, Radio and Machine Workers, around 300,000. Additional thousands of union members were in the rubber, aluminum and flat glass industries. Other fields of economic activity, such as office and professional work, agriculture and canning, and editorial and commercial work on newspapers, have also been reached by the organized labor movement."

Summing up, the report says, "Collective labor agreements, therefore, cover . . . more than a quarter of the nearly 40,000,000 wage and salary workers actually employed in 1941."

On the other side of the picture, the report says:

"Yet in spite of this rapid progress since 1933, nearly three-quarters of American wage and salary workers are not members of trade unions or covered by collective agreements. Collective bargaining has made little headway among the 6,500,000 wholesale and retail trade employees, the more than 4,000,000 in the financial and service trades, the 4,000,000 government employees or the 3,000,000 agricultural workers. In addition, hundreds of thousands in textiles, in chemicals and in other important industries are without union agreements."

Surveying the entire field of collective bargaining, as revealed in a detailed study of practices in 16 industries, the report says, "The rise of industrial unionism . . . was partly, if not largely, responsible for the extension of collective bargaining. Today industrial or semi-industrial unions provide the dominant organizational and bargaining patterns."

In a foreword to the survey, Evans Clark, Executive Director of The Twentieth Century Fund, says:

"Since this report was written the United States has been catapulted into the most gigantic war of all history. Collective bargaining is likely to change its form and procedure under the pressure of war, but the experience of the last war, at least, indicates that the basic problems of industrial relations remain after the end of hostilities. It also showed that during the conflict sound labor policies are essential elements of victory. . . . All this makes a clear understanding of collective bargaining even more urgent now than in times of peace."

In addition to Chairman William H. Davis, the members of the Fund's Labor Committee, which supervised the progress of this survey, are:

William L. Chenery, Editor, "Collier's Weekly"; Howard Coonley, Chairman of the Board, Walworth Co., Inc., Chairman, Finance Committee, formerly President, National Association of Manufacturers; Clinton S. Golden, Assistant to the President, United Steelworkers of America, affiliated with the Congress of Industrial Organizations; William M. Leiserson, member, National Labor Relations Board, formerly Chairman, National Mediation Board; Frazier MacIver, Vice-President, Phoenix Hosiery Co.; Sumner H. Slichter, Lamont University Professor, Harvard University; Robert J. Watt, International Representative, American Federation of Labor; and Edwin E. Witte, Professor and Chairman, Department of Economics, University of Wisconsin, former member, Wisconsin Labor Relations Board.

New High In Fed. War Building Employment

Employment on war construction projects of the Federal Government reached 1,000,000 persons, or nearly one-half of the employment in the construction industry, in June, 1942, Secretary of Labor Perkins reported on Aug. 16. "Employment on non-war construction projects declined during the first half of 1942, reflecting the effects of recent Federal limitations on such projects to conserve materials for the war effort," said Mrs. Perkins, who added:

"Only 1,070,000 persons were employed on non-war projects in June of this year, as compared with 1,767,000 persons employed in June of last year. As a result of this decline in non-war construction, total construction employment in June, 1942, dropped to 2,070,000, or nearly 200,000 below the number employed in the same month of last year.

"The peak in non-war construction employment since 1929 was reached in September, 1940, just as the war construction program was getting under way. Privately financed residential building and industrial and utilities expansion in the defense areas maintained non-war construction employment at a high level throughout 1941. In the first half of 1942, employment on these types of work declined sharply.

"Further curtailment on non-war construction will cause a rapid decline in employment in the third and fourth quarters 1942, and will reduce the annual average employment on non-war projects to one-half of the annual level for the preceding two years.

"Employment on war construction projects has increased nearly 45% within the past three months.

"An additional increase of 200,000 persons is anticipated before peak employment in the war construction program is reached in the third quarter of this year. Employment on such projects in June, 1942, was more than double that in June of last year."

OPA Interpretative Digest

Digests of interpretations given in the first 10 issues of "Recent Price Interpretations" have been edited and put under one cover in a new "Digests of Interpretations" issued on Aug. 17 by the Office of Price Administration. In its release the OPA says:

"The manual contains interpretative material pertaining to OPA regulations other than the General Maximum Price Regulation, and in addition, gives some new explanatory data. It is, in effect, a 'base book,' which will be supplemented from time to time by additional issues of 'Recent Price Interpretations.' No. 11 of the series already is available.

"Copies of the new manual are being distributed to the press, trade associations, and information services.

Labor Department Reports On Factory Workers' Hours And Earnings During June

Wage earners in manufacturing industries earned an average of 84.0 cents an hour in June, a gain of 1.1% over the preceding month, Secretary of Labor Frances Perkins reported on Aug. 17. "The June average was 13.7% higher than a year ago," she said, "and reflected wage-rate increases and overtime premiums, together with expansion in employment in industries where high rates are paid and decreased employment in a number of industries with relatively low wage scales."

Secretary Perkins further stated:

"In the durable goods group of manufacturing industries, where war production predominates, the average hourly earnings increased 1.1% over the month and 13.6% over the year to reach a level of 93.3 cents in June. The level for non-durable goods workers (72.7 cents) was 0.7% higher than in May and 11.9% above June of last year.

"Wage-rate increases averaging 8.3% were reported by about 1,200 manufacturing plants out of a reporting sample of approximately 34,000. Of the 8,500,000 workers covered by the survey, 316,000 or nearly 4% were benefited by these increases. Among the industries in which wage increases affecting a substantial number of workers were reported in June were woolen and worsted goods (63,280), hosiery (19,764), paper and pulp (21,072), sawmills (11,433), electrical machinery, apparatus, and supplies (8,897), and pumps (7,580).

"The average hours worked per week were 42.6 for all manufacturing industries combined, 45.1 for the durable-goods group, and 39.6 for the non-durable-goods group. The percentage changes over the month were negligible but comparisons over the year interval showed gains of 3.7% for all manufacturing, 5.0% for durable goods, and 1.3% for non-durable goods. Only four of the 43 durable-goods industries (brick, glass, pottery, and marble-granite-slate) averaged less than 40 hours per week, these industries being particularly affected by restrictions on private building. On the other hand, in 23 of the durable-goods industries the workers averaged more than 44 hours with workers in machine tool plants averaging 53.8 hours actually worked. Four other durable-goods industries contributing heavily to the war effort, reported work of more than 50 hours. These were metal working machinery not elsewhere classified (56.5), machine-tool accessories (54.8), pumps (52.0), and sewing machines (50.4).

"The weekly pay envelope of workers in all manufacturing industries averaged $37.99. This represented a gain of 1.3% since May and 19.4% since June of last year, reflecting the gains reported in average weekly hours and hourly earnings. Workers in the durable-goods industries averaged about $6 more per week ($44.06) than in all manufacturing, the increase over the month amounting to 1.2% and over the year to 20.4%. Wage earners in the non-durable-goods group of industries averaged about $16 less per week than workers in the durable industries, their earnings having increased, however, by 0.6% over the month and 13.8% over the year.

"All of the non-manufacturing industries surveyed showed higher average hourly earnings in June than a year ago and only two, telephone and telegraph, and laundries, reported slightly lower hourly earnings than in the preceding month. Private building construction workers and bituminous-coal miners continued to average the highest hourly earnings (113.6 and 107.5 cents), with crude-oil production workers and anthracite miners receiving the next highest earnings, 99.6 and 99.4 cents per hour, respectively. Metal miners were earning 11.3% more per hour than a year ago, workers in quarries and non-metallic mines, 11.9%, and workers in dyeing and cleaning establishments, 12.8%.

"On the whole, average weekly hours in the non-manufacturing industries showed but little variation between May and June. The only industries reporting changes which amounted to more than 1% were quarrying and non-metallic mining (2.4%), dyeing and cleaning (2.2%), private building construction (1.5%) and bituminous-coal mining (1.3%). The largest gains over the year were in private building construction (6.0%), bituminous-coal mining (6.0%), quarrying and non-metallic mining (5.0%), and metal mining (3.4%). In general average weekly earnings followed the pattern set by the average weekly hours and hourly earnings except for anthracite and bituminous-coal mining where many employees had their regular weekly pay augmented by vacation pay given them in June in lieu of vacations."

It is pointed out that it should be noted that manufacturing plants converted to war production are continued under their former peace-time industry classification.

Chicago Home Loan Members Show Gain

The strides made last year by the member savings, building and loan associations of the Federal Home Loan Bank of Chicago in shaping their financial position to meet wartime emergencies were cited on Aug. 18 by A. R. Gardner, President of the bank, who drew attention to the newly compiled consolidated balance sheet of 453 Illinois and Wisconsin associations as of Dec. 31, last. Increases in cash and reserves and the cutting of the real estate hangover from the depression down to a merely nominal proportion of assets were features of their 1941 showing, it is stated. Net additions of $42,000,000 to mortgage loans outstanding showed meanwhile how they had stayed on the job in defense housing last year, Mr. Gardner said. From the bank's release we also quote:

"A 9.1% expansion of the aggregate resources of the member associations brought them to $474,146,000 at the close of the year. The performance in this district thus surpassed the growth of 8.7% in the resources of all 3,818 institutions in the nation-wide system.

"The Illinois-Wisconsin institutions had $363,493,000 in home mortgage loans outstanding, which was 76.66% of assets, compared with 73.98% so invested at the close of 1940. Their cash position was built up to 5.94% from the 5.14% they showed at the beginning of 1941. Reserves of 7.41% of capital and liabilities were achieved by the year's end, as compared with 7.32% at the beginning, in spite of the associations' having to keep up with a 9% growth in order even to hold their own in reserve percentages. The reserves for institutions in this district stood about half a point higher than the percentage for the nation-wide membership."

Real estate owned was cut down in the course of last year from 9.64% to a mere 5.28% of total resources, Mr. Gardner said. This meant, he said, the transfer to private hands of some $16,000,000 worth of home properties in the two States.

Living Costs In Large Cities Advanced 0.4% Between June 15-July 15, Labor Bureau Reports

Living costs in large cities rose 0.4% between June 15 and July 15, the second month of general price control, Secretary of Labor Perkins reported on Aug. 19. "Prices of unregulated goods and services advanced 1.6%, while controlled items increased 0.1%," she said. "The most important advances occurred in unregulated foods. These increases were largely seasonal in character. Among the controlled items the most important increases were in prices of gasoline and fuel oil in Eastern cities, allowed because of higher transportation costs. Rents in a number of cities were reduced as they were brought under Federal control. These, together with a few food prices, were the only important decreases," said Miss Perkins, who added:

"The recent advance brings the Bureau of Labor Statistics' cost of living index to 116.9% of the 1935-39 average. Costs on July 15, 1942, were 11% higher than on July 15, 1941. By mid-July, families of wage earners and lower-salaried workers had to spend $1.19 to buy the same things for which they spent $1 before the outbreak of the war in August, 1939."

The Labor Department's announcement further said:

"Retail Costs Of Food advanced 1.1% between mid-June and mid-July. This was due, for the most part, to seasonal advances in retail prices of eggs, butter, lamb, and poultry and higher prices for fresh milk, meats, and certain fresh vegetables. The increase in food costs for the average worker's family was slightly less than for the previous month—mid-May to mid-June — when the rise was 1.3%.

"Prices of foods not under the General Maximum Price Regulation continued to advance, rising 2.5%. Eggs and butter as well as certain fresh fruits and vegetables such as oranges, lettuce, spinach, and sweet potatoes showed their usual seasonal rise. Advances were also reported for grapefruit, dried prunes and corn meal. Prices were higher for green beans, carrots and potatoes, which usually decrease at this time. Cabbage and onions were seasonally lower. Prices of apples, which had a sharp seasonal rise from mid-May to mid-June, declined 9% as the new crop began to be marketed. Prices for wheat flour were also reduced.

"Controlled food prices rose slightly — 0.3% — as a result of higher prices for fresh milk in Chicago and New York and for beverages, and certain meats. Other controlled foods for which increases were reported included canned fruits, shortening in cartons, corn syrup, rolled oats, vanilla cookies, and soda crackers. The increase for corn syrup is partly due to a change from tin to glass containers. Prices for macaroni, whole wheat bread, bananas, shortening not in cartons, sugar and canned vegetables were lower.

"Rental Costs to moderate-income families declined, on the average, 0.7%, with the initiation of Federal control in eight additional cities. Of the 21 cities in which rents were surveyed this month, 13 are now under Federal rent control. The sharpest decline, 6.9%, occurred in Baltimore, where the regulation provides that rents be returned to the level of April 1, 1941. In the other cities, the ceiling order was based on a more recent date, March 1, 1942. Small decreases were noted in other cities which have been designated as 'defense rental areas,' but where Federal control has not yet been formally instituted. A slight increase was reported in Washington, where rents have been controlled under a special law since the beginning of this year, and in Los Angeles, where rents are not yet under Federal control.

"Clothing Costs remained stable, reflecting the effect of the General Maximum Price Regulation. In a few instances, increases were reported in prices of men's wool suits and in work shoes, but the Bureau's agents reported that these increases were largely due to a return to regular prices after sales in June. Dry cleaning charges were lowered in several cities, as a result of the imposition of the ceiling by the Office of Price Administration on July 1.

"Although All Housefurnishings are under price ceilings, increases in prices were reported in several cities, resulting in a slight increase of 0.1%. There were several reasons for the rise: Among them, prices returned to ceiling levels and discounts discontinued. Electrical equipment is no longer available to civilians in most cities.

"Prices Of Fuel Oil increased in cities in the Eastern States, as retailers were allowed an adjustment to cover increased transportation charges. Advances were reported in coal and coke prices in some cities. Rates for gas and electricity remained stable in all cities surveyed except Boston, where there was a rise in the cost of gas due to an adjustment for fuel costs.

"Average Costs For Other Goods and Services advanced 0.1%. The rise was due in most part to increases in gasoline prices allowed retailers in the East on June 27 because of higher transportation costs. (This increase was rescinded early in August.) In a few cities, laundry prices were reduced following ceilings imposed on July 1, but increases in laundry prices were reported from several other cities."

Revise Regulations For Minute Man Award

The Treasury Department's Minute Man emblem, symbolic of 90% participation by a firm's employees in the voluntary payroll deduction method of War Savings, will come to mean even more than that in the future, it was announced Aug. 15 by Nevil Ford, State Administrator of the New York War Savings Staff. After that date, the Minute Man flag will not be awarded a firm unless its employees are subscribing an aggregate 10% of the firm's gross payroll in War Savings, as well as being 90% or better enrolled. The announcement added:

"A new form of Certificate of Award, embodying both the 10% and the 90% provisions of the revised qualifications, will be issued to eligible firms beginning Aug. 17. Only concerns which meet the requirements of the new Certificate of Award will be authorized to purchase the Minute Man flag beginning then, according to Mr. Ford.

"A revised form of certificate will be issued to firms whose employees reach 90% of group participation without meeting the 10% of payroll requirement. Such concerns will not be authorized to buy the Minute Man flag.

"Firms who qualified for a Minute Man flag on the former basis and who are now flying them will be permitted to retain them, but they will possess the old form of certificate and will not be entitled to the new untli their employees have met the 10% of payroll requirement.

"As of Aug. 5, there were 4,373 firms in New York State, having 234,265 employees, which meet the 90-10 percentage requirements for the new Certificate of Award, Mr. Ford declared."

Sees Many Prospects For Home Ownership

There are five to six million heads of families, those who will run the civilian economy for the duration and hence expect to stay put, for whom buying a home will be a real wartime economy, according to the conclusion of the Home Building and Home Owning Committee of the United States Savings and Loan League. The Committee puts its stress on the purchase of existing homes, and says that such a policy is good inflation-hedging and that it will be lots easier for most people to start paying for their homes now than to wait until the war is over. The advices from the League went on to say:

"The Committee arrived at their figure by following recent estimates that out of a 56,000,000 unit national labor force, probably 20,000,000 will not be used in the armed forces or in war industry. They deducted from these 20,000,000 as home ownership prospects probably 11,000,000 or so who own their homes already; another million who have incomes too meagre for home ownership; another million and a half who will probably remain unemployed. Partially counteracting these deductions was the fact that relatively few childless or even unmarried men will be in the group keeping the home fires burning. All in all the Committee feels it is a conservative conclusion that five to six million should be prospects for home ownership during the war period.

"The Committee estimated that in spite of unprecedented volume of investments in government bonds this year on the part of savings and loan institutions, they will have $1,000,000,000 to $1,500,000,000 available from now to the end of the year to meet legitimate demands for home purchase loans."

Factory Employment Up 1.6% In N. Y. State

Factory employment in New York State increased by 1.6% between the middle of June and the middle of July, according to a statement released Aug. 15 by Industrial Commissioner Frieda S. Miller. Total factory payrolls were 3.1% higher. Thousands of additional workers employed by food canners in the State accounted for a large part of the net increase for the month. The apparel industries also employed more people after laying off large numbers in June, said the advices from the Bureau, which added:

"Gains occurred during the month in the metals and machinery group, principally at large plants producing war materials. Most other manufacturing industries in the State were employing fewer workers in July than in June.

"The New York State Department of Labor's index of factory employment, based on the 1935-39 average as 100, stood at 141.6 (preliminary) in July. The corresponding payroll index was 218.5. Compared with July a year ago, the total number of factory wage earners had increased by 8% and total factory payrolls by 28%. The average per capita earnings of factory wage earners were $38.30 a week in July compared with $32.20 a year ago, a gain of approximately $6, or nearly 19%. Tabulations of the reports from 2,518 representative factories throughout the State form the basis of this analysis. These tabulations covered a total of 535,308 employees on a payroll of $20,500,147 for the middle week of July. Reports are collected and analysis prepared by the Division of Statistics and Information under the direction of Dr. E. B. Patton."

Wickard Favors Repeal of 110% Farm Parity Limitation And Livestock Ceiling Prices

Secretary of Agriculture Wickard on Aug. 19 expressed it as his belief that under the present circumstances it would be wise to repeal the 110% farm parity provision in the Price Control Act, and he likewise said he would favor ceilings on livestock prices if a practical plan for marketing could be evolved. Mr. Wickard went on to say that "such a plan must not permit abnormal profits to any one in the industry at the expense of the producers or consumers." Continuing, in a talk broadcast over the Blue Network, Mr. Wickard stated:

"With the necessary measures, such as allocation of supplies, the plan must facilitate a more equitable distribution of meats. Also the plan must be one that not only will protect packers from high prices, but also will protect farmers from low prices.

"I want to say this to consumers: There has been an impression abroad that lack of ceilings on livestock prices was the cause of the meat shortage in some areas. As I have explained, this is not true. It follows that putting ceilings on livestock prices will not increase the supply of meat to consumers. The reasons for putting the ceilings on livestock prices are to keep the packing industry in full operation, and to safeguard the price-control structure.

"So much for the first reason why farmers are being accused of profiteering.

"Another reason is the continued discussion of the provision in the Price Control Act that prohibits ceilings on processed farm products if the ceiling price reflects a farm price of less than 110% of parity.

"Now let me say right here that I have changed my own thinking on this question. I have changed because conditions have changed. A year ago, when I testified before a House Committee in support of the price control bill I approved the 110% limitation. At that time many prices were far below parity. It seemed to me that they could never average parity unless there was an opportunity for some of them to be slightly above parity at least part of the time. Now the situation is different. Farm prices have reached parity on an average. We are in war. Every day makes it clearer that we must put everything we've got into winning the war. Also every day makes it clear that we must take drastic steps to check inflation.

"Today the 110% provision is being pointed to by other groups to prove that farmers are asking for more than their fair share. It is being used as an argument to slow down economic controls in other fields.

"Under present circumstances I believe it would be wise to repeal this provision.

"It is my earnest hope that the prices of each farm commodity can be held at the level which will make completely effective the price-control part of the President's wartime economic program.

"I am not forgetting that production is all-important, and that we may need to increase returns to farmers on some products in order to get production of vital war commodities. In instances where changes within the framework of price control cannot accomplish this, I think it is in the national interest to give farmers increased returns through subsidies rather than through increased prices which may endanger the price-control structure."

Asking farmers to take the lead in the battle of inflation, Secretary Wickard said:

"Farmers want action now to win the battle against inflation. They favor controls clear across the board. But action is being held up behind a log-jam of unwillingness of each of the great economic groups to accept controls unless at the same time controls are placed on the others. Farmers are ready to lead in breaking the log-jam.

"We cannot have continued rises in farm prices, or in any other prices, without losing the battle of inflation, and I am tonight asking the farmers of America to take the lead in this battle as they have taken the lead in the battle of production. The time has come to settle down to the business of winning this war, and we are not going to win it by talk. It is time for action. I am sure that the farmers of America stand ready to accept their full responsibility."

Mtg. Bankers Plan To Insure Farm Loans

In an effort to supply the answer to President Roosevelt's expressed wish that the Federal Land Bank system be simplified to relieve the Federal Treasury of unnecessary subsidies, the Mortgage Bankers Association of America expects to propose shortly a system of mutual mortgage insurance for farm loans similar in many respects to that now in effect for city residence loans through FHA, according to an announcement made Aug. 24 by Frederick P. Champ, Association President. It is pointed out that a somewhat similar plan was suggested originally nearly two years ago but was not actively sponsored because since that time the principal legislation considered in the farm credit field has been the Fulmer Bill (H. R. 7091) which recently failed and will not be considered again at this session of Congress, according to its sponsors. The advices from the Association further state:

"Failure of this measure was followed by another temporary reduction in interest rate of Federal Land Bank and Land Bank Commissioner loans to 3½%, which was done through the Pierce Bill (H. R. 6315). When the President signed this measure on June 29 (noted in our July 9 issue, page 109), he declared 'it would cost the Federal Treasury somewhat over $67,000,000 in subsidies during the two years it will be effective' and that there 'is no evident justification for imposing indefinitely upon the Treasury an expense which results solely from failure to adapt the basis upon which the Land Banks can operate to the realities of the function they have to perform. . . .' He declared also 'that steps should be taken promptly to simplify the pattern of the system so as to eliminate its present inherent inefficiencies and thereby relieve the Treasury of the recurrent burden of these unnecessary costs.'"

Mr. Champ said in his announcement that the Association fully agrees with the President that the Land Bank system should be reorganized, that it is unfair to make the Treasury subsidize it further in the way it has been doing and that in its opinion, based upon nearly three years' intensive study by its committees, a modernized system can be envisioned now which will require no Federal money and would have the immediate effect of materially aiding the war program.

He said the Association's Farm Loan Committee is working along these lines and expects to have its proposal ready for legislative consideration in the near future.

Steel Output Again Increased—PRP Being Revised—Gains Along Distribution Front

"Even though there are still such major problems as scrap shortages, inflation of high priority ratings and still a general failure on the part of some Government heads to see clearly the distribution requirements of the war effort, there have been definite mileposts of overall progress in the past few weeks," says "The Iron Age" in its issue today (Aug. 27), which further adds in part:

"For one thing, reports from important steel centers where operators are preparing to go to Washington this week to set up September quotas on various product output, are optimistic that this directive plan is working so well that it should be retained for the duration. At the same time it is understood that some similar action on the distribution of steel products will be forthcoming thus dovetailing the two. If this latter step is taken in the same cooperative spirit, the WPB and the steel industry may have then reached the point where 'all that can be expected' is being done with the steel made and shipped.

"Whatever happens, industry can well look forward to changes which mean more bookkeeping and new rules but it is thought that these changes will come less often and more effort will be made to find out whether some changes are actually needed instead of plunging into a new set of signals which in the past has hampered war output. For one thing, PRP is now being revised to bridge the gap between the old priority system and outright allocation.

"Gains are being made along the production and distribution front. An analysis of July steel output figures shows that the rate was at 94.5% of the new capacity figures. Had the scrap or other metallics been available, at least 500,000 tons more of steel could have been produced. For months and months the steel industry has operated at below its full rated capacity. Given the right amount of raw materials the country's mills should have, at least for several months, attained 102.5% of rated capacity or higher.

"From reliable sources 'The Iron Age' is told that a strong movement is underfoot to bring scrap from Great Britain where supplies are said to be comfortable for practically all mills there. The vast amount of lend-lease activity has sent abroad hundreds of thousands of tons of 'home' scrap which has made a dent in the United States supplies. Now it appears that there is a good chance that soon the scrap movement will be reversed and Britain, which for years imported scrap, will be helping out the United Nation's effort by sending scrap back to this country as ballast."

The American Iron and Steel Institute on Aug. 24, 1942, announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.3% of capacity for the week beginning Aug. 24, compared with 97.2% one week ago, 96.3% one month ago and 96.5% one year ago. This represents an increase of 0.1 point or 0.1% from the preceding week. The operating rate for the week beginning Aug. 24 is equivalent to 1,664,500 tons of steel ingots and castings, compared to 1,662,800 tons one week ago, 1,647,700 tons one month ago, and 1,594,400 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Aug. 24 stated in part:

"The difficult problem of trimming potential steel demand to fit the available supply with the least harmful effect on the war production program will be given an opportunity for partial solution through disposition by WPB of Production Requirements Plan applications for fourth quarter material.

"With use of PRP mandatory for a large part of industry, a more accurate determination of future steel requirements is possible. By measuring these needs against indicated supplies the extent of the deficiency in the latter becomes apparent. However, even though authorizations for steel purchases by less essential consumers are scaled down further it is questionable whether all of the existing and prospective capacity for production of war goods can be fully satisfied.

"In any event, there is some hope that concentration on this distribution problem will result in a more orderly situation before the end of the year in the purchasing and scheduling of steel products.

"As an instrument in determining the urgency of manufacture of various finished products, WPB has been making use of a standard method of identification of use of material, termed the Allocation Classification System. Simplification of this system is in process and is expected to be announced shortly to be called the Production Code. It will follow the same basic principles as its predecessor but incorporates several important revisions.

"The scrap situation continues critical insofar as the future is concerned. Supplies are sufficient to maintain near-capacity operations at present, but the necessity of accumulating a reserve to tide mills over the winter when collections normally shrink makes it mandatory that shipments be stepped up further. This task is made more difficult by the fact that readily accessible tonnages already have been gathered. Auto graveyards, for example, are believed to have passed the peak as a source of scrap.

"Despite heavy production of structural shapes the past two months and the decline in private building work, supplies continue tight. Needs of shipyards and miscellaneous fabrication for war equipment have taken up much of the slack caused by the ban on certain types of construction.

"Certain producers of beehive coke for blast furnace use have been allowed a 50-cent advance in their price ceiling. The increase apply only to high-cost producers in Pennsylvania, those operating hand-drawn ovens and using trucked coal."

Senate Group Resumes Study Of New Tax Bill

(Continued from First Page)

took these other tentative actions:

"Rejected a proposal that an additional credit be allowed in cases where wives work. It had been proposed that the credit amount to 10% of the wife's earnings, not to exceed $50.

Rejected a motion to classify as dependents children between the ages of 18 and 21 who are attending school.

"Approved, with an amendment limiting its application to 'enlisted personnel,' a provision in the House bill giving men serving in the armed forces the exemptions in existing law—$750 for single men and $1,500 for married men. Senator George said the Committee's limitation would make the provision applicable to all non-commissioned personnel.

"Approved an amendment allowing non-resident aliens in contiguous countries—Canada and Mexico—a married person's exemption on income earned in the United States, if that person is in fact married and if the country of his residence allows a similar privilege for Americans earning income in that country. Under present law, a Canadian working in the United States and commuting back and forth, is allowed only the single exemption of $750 regardless of whether or not he is married."

At the Aug. 25 session the general question of withholding taxes at the source and the Ruml pay-as-you-go tax plan were slated for consideration and Senator George on Aug. 24 was reported as saying that it was possible the matter of a sales tax might be considered concurrently or immediately afterward. With respect to the tentative action taken by the Committee on Aug. 24, the Washington advices that day to the "Wall Street Journal" said:

"These actions coincided with developments which pointed to a spirited controversy within the Committee over the Ruml pay-as-you-go tax plan.

"Senator Clark (Dem., Mo.), Chairman of the special finance subcommittee studying withholding taxes, said that his three-man group has agreed unanimously to recommend approval of the plan as presented originally by Beardsley Ruml, Chairman of the Federal Reserve Bank of New York, and Treasurer of R. H. Macy & Co. He said the subcommittee was opposed to some modifications suggested last week by the Treasury and has not reached a decision on whether a withholding tax should be coupled with the Ruml proposal.

"On the other hand, the Treasury went on record as opposed to the Ruml plan unless it is revised in two important respects. A statement by Randolph Paul, Treasury tax spokesman, said the changes should be:

"First, provision for source collection, with withholding, at the rate of 19% of all income payments in excess of exemptions geared to the regular individual exemption and credit for dependents.

"Second, forgiveness of tax in order to get payments on a current basis should be only partial and not complete. It should be limited, Mr. Paul said, to the present normal tax of 4% and the first bracket surtax of 6%."

References to Mr. Ruml's proposals appeared in our issues of July 30, page 384, and Aug. 6, page 472.

As a result of its three weeks' hearings, the Committee is expected to make major alterations in the measure to bring it more in line with the Treasury's goal of $8,700,000,000 in new revenue.

Senator George, following the recent hearings, said that he expected his group's draft of the bill to be reported out early in September but expressed doubt as to whether Congressional action on a new tax bill could be completed in time to start collection of higher excise taxes on Oct. 1.

Senator George asserted that he had been convinced by testimony before the Committee "that if the high rates as fixed by the House remain in the bill, it will be imperative that some relief be given both corporations and individuals by the establishment of some form of debt deduction and postwar credit."

Regarding the Senate group's closing hearing, the Associated Press on Aug. 14 said:

"The Committee heard a suggestion from Prof. Irving Fisher of Yale University that it adopt a new form of taxation which would place levies on spending, rather than upon saving.

"The Yale economist proposed a 5% levy on all money spent by an individual during a year above $500 for an individual and $1,000 for married couples. Rates would be graduated upward to 50% on all over $45,000 spent by an individual and $90,000 by a married couple.

Professor Fisher suggested that business firms should be allowed to deduct reasonable expenses, reinvestment, taxes and other items before the levy was assessed against their receipts.

"Taxing undivided profits, corporation reserves and individual savings, he said, meant killing the goose that must lay the golden revenue eggs in the years to come. He insisted that the time for long-range tax planning was here.

"John L. Connally of St. Paul, counsel for the Minnesota Mining and Manufacturing Co., urged repeal of a law which permits the Government to renegotiate war contracts to scale down profits. George said if any such action were taken, Congress ought to write an over-all profit limitation on such contracts."

On Aug. 15 Sen. Tom Connally, Democrat of Texas, advocated a 50% or 60% excess-profits tax on individuals as part of the 1942 tax bill. The United Press, indicating this, said:

"Senator Connally has been seeking a way of recapturing increased earnings attributable to the war.

"He urged a special tax on that part of individual income which is in excess of average earnings for the last five years after deduction of taxes provided in the House bill. These would begin at 19% on the first dollar of taxable income."

The Senator's proposal was announced following the close of the Committee's hearing. On Aug. 13, Senator McCarran (Democrat) of Nevada, declaring that metals, not taxes, will win the war, told the Senate Committee that the present tax structure was retarding mining development and recommended special concessions to spur production of essential minerals. His recommendations, according to Associated Press advices from Washington, were:

'1. Allow mining operations the same depreciation allowances as are granted oil wells—27½% of annual gross earnings to be deducted for tax purposes rather than 15%, the prevailing rate for most ore mines.

"2. Base period income of a mine for tax purposes to be computed on the average of three out of four base-period years.

"3. Give mines an 'adequate' non-taxable allowance for reserve funds to develop new ore bodies.

"4. Accord special treatment to mining operations of strategic minerals which were exempted from excess profits tax by the 1940 Revenue Act, 'as well as other mines of short or uncertain life which have been brought into production to meet war needs; and that there be no Federal income tax or excess profits tax upon the proceeds of such operations until the capital investment is recovered.'

"5. Defeat the House-approved excise tax on freight."

On Aug. 12 the American Federation of Labor notified Congress that it was opposed to a limitation of net incomes to $25,000 annually, as proposed by President Roosevelt and supported by a spokesman for the Congress of Industrial Organizations. From the Associated Press we quote:

"Raymond G. Cranch of the Washington research staff of the A. F. of L. told the Senate Finance Committee that his organization realized that many independent business men would find it necessary to restrict their activities, reduce their war work and decrease their employment of labor under such a limitation. He commented:

"'The nation would indeed be shortsighted to limit productivity of its business men by such an arbitrary and inflexable rule.'

"Mr. Cranch said the A. F. of L. approved the levying of high taxes to win the war 'but can see no justice in arbitrary wage freezing, either for the worker or for the employer.'

"The A. F. of L. representative opposed suggestions for an 'excess-profits' tax on increased individual incomes and urged postwar rebates for corporations paying over 75% of their total net income in taxes.

"Opposing other pay roll tax deductions, Mr. Cranch said the A. F. of L. believed social security levies could be increased. He urged that individuals be permitted to take deductions from income taxes for medical care and the payment of life insurance premiums. He expressed opposition to a general sales tax."

References to the Senate Committee's hearings appeared in our Aug. 13 issue, pages 521, 539, 541 and 542, and in our Aug. 20 issue, page 631.

Signs Bill To Aid Service Men's Dependents

President Roosevelt signed on Aug. 21 the bill permitting immediate payment of allowances to dependents of men in the armed services. Congressional action had been completed on Aug. 17 when the Senate approved the measure. The bill, which had passed the House on Aug. 13, removes the limitation in the Servicemen's Dependents Allowance Act of 1942 forbidding payment of these allowances until after Nov. 1. The amending legislation does not make it mandatory for the War and Navy Departments to make these payments now, but it permits such allowances as they become due. The payments are retroactive to June 1.

The War Department had voiced its disapproval of the bill but the Navy recommended enactment.

In opposing the legislation for the War Department, Robert P. Patterson, Acting Secretary of War, stated on Aug. 5:

"The War Department is in favor of commencing payment of family allowances at the earliest practicable date, but the Department is firmly of the opinion that Nov. 1, 1942, is the earliest practicable date upon which payments can reasonably commence."

At the time the original bill was enacted in June both service branches asked Congress for a period of delay in payment to enable them to set up and perfect the organization and procedures of operations for the administration of the law.

Passage of the original measure was referred to in these columns July 2, page 24.

Unit To Aid Steel Mills

Secretary of Commerce Jesse Jones announced on Aug. 16 that a new corporation—War Materials, Inc.—is being established as operating agent for the Metals Reserve Corporation, a subsidiary of the Reconstruction Finance Corporation, to assist consuming steel mills in meeting their heavy requirements. The new corporation, Mr. Jones said, will buy and sell to the mills a minimum of 5,000,000 tons of iron and steel scrap. The scrap is to be obtained from obsolete plants and unused machinery, which could not be marketed within the scrap price ceiling without government subsidy for dismantlement, freight and other costs.

California Business Up

Under the momentum of expanding war production, business in California during July registered a gain over the previous month, to reach a new peak, according to the "Business Outlook," released by the Wells Fargo Bank & Union Trust Co. of San Francisco. The Wells Fargo index rose to a preliminary July level of 201.2% of the 1935-39 average from 196.9% in June, and was 40.4 points above the July level last year. Comparing July, 1942, with the preceding month, all four of the index factors—industrial production, freight carloadings, bank debits, and department store sales—were higher.

President Warns Axis On Barbaric Crimes

President Roosevelt issued on Aug. 21 a warning to the Axis Powers that their "barbaric crimes," against civilian populations of occupied countries will have to be answered for after the United Nations win the war.

In a formal statement the President said that "the time will come when they (the perpetrators) shall have to stand in courts of law in the very countries which they are now oppressing and answer for their acts." Mr. Roosevelt issued his warning after receiving from Secretary of State Hull a communication signed by the Ambassador of the Netherlands and the Ministers of Yugoslavia and Luxembourg on behalf of the governments of Belgium, Greece, Luxembourg, Norway, the Netherlands, Poland, Czecho-Slovakia, Yugoslavia and the French National Committee in London.

The President in his current statement also reiterated his remarks of last October incident to the execution of innocent hostages in occupied France (given in these columns Nov. 6, 1941, page 944).

The President's statement of Aug. 21 follows:

"The Secretary of State recently forwarded to me a communication signed by the Ambassador of the Netherlands and the Ministers of Yugoslavia and Luxembourg on behalf of the governments of Belgium, Greece, Luxembourg, Norway, Netherlands, Poland, Czechoslovakia, Yugoslavia and the French National Committee in London, calling attention to the barbaric crimes against civilian populations which are being committed in occupied countries, particularly on the continent of Europe.

"In this communication attention was invited to the declaration signed in London on Jan. 13, 1942, by the representatives of nine governments whose countries are under German occupation. This declaration affirmed that acts of violence thus perpetrated against the civilian populations are at variance with accepted ideas concerning acts of war and political offenses as these are understood by civilized nations; stated that the punishment, through the channel of organized justice, of those guilty and responsible for these crimes is one of the principal war aims of the contracting governments; and recorded the determination of the contracting governments, in a spirit of international solidarity, to see to it that those guilty and responsible, whatever their nationality, are handed over to justice and tried and that the sentences pronounced are carried out.

"The communication which I have just received from the chiefs of mission of the Netherlands, Yugoslavia and Luxembourg states that these acts of oppression and terror have taken proportions and forms giving rise to the fear that as the defeat of the enemy countries approaches the barbaric and unrelenting character of the occupational regime will become more marked, and may even lead to the extermination of certain populations.

"As I stated on Oct. 25, 1941:

" 'The practice of executing scores of innocent hostages in reprisal for isolated attacks on Germans in countries temporarily under the Nazi heel revolts a world already inured to suffering and brutality. Civilized peoples long ago adopted the basic principle that no man should be punished for the deed of another. Unable to apprehend the persons involved in these attacks, the Nazis characteristically slaughter fifty or a hundred innocent persons. Those who would "collaborate" with Hitler or try to appease him cannot ignore this ghastly warning.

" 'The Nazis might have learned from the last war the impossibility of breaking men's spirit by terrorism. Instead they develop their "Lebensraum" and "New Order" by depths of frightfulness which even they have never approached before. These are the acts of desperate men who know in their hearts that they cannot win. Frightfulness can never bring peace to Europe. It only sows the seeds of hatred which will one day bring fearful retribution.'

"The Government of the United States has been aware for some time of these crimes. Our Government is constantly receiving additional information from dependable sources and it welcomes reports from any trustworthy source which would assist in keeping our growing fund of information and evidence up to date and reliable.

"The United Nations are going to win this war. When victory has been achieved, it is the purpose of the Government of the United States, as I know it is the purpose of each of the United Nations, to make appropriate use of the information and evidence in respect to these barbaric crimes of the invaders, in Europe and in Asia. It seems only fair that they should have this warning that the time will come when they shall have to stand in courts of law in the very countries which they are now oppressing and answer for their acts."

Brazil Declares War On Germany & Italy

Brazil formally recognized on Aug. 22 that a state of war exists between that country and Germany and Italy as a result of ship sinkings in Brazilian waters by Axis submarines.

In a note to Germany and Italy, Brazil said:

"A peaceful international policy was maintained by Brazil, until now out of the war in which almost all nations are involved including some in this hemisphere.

"Despite the declaration of American solidarity from the eighth International Conference at Lima, the first, second and third reunions of foreign ministers of the American Republics at Panama in 1939, at Havana in 1940 and at Rio de Janeiro in 1942, the Brazilian government was unvaried in its attitude, although American territory had been attacked by the forces of Japan and a state of war existed between that sister republic and the aggressor empire and Germany and Italy.

"Meanwhile, the fourteenth declaration of the second of those reunions established: 'That an attempt by a non-American state against the integrity and inviolability of territory and against the sovereignty and political independence of the American state will be considered an act of aggression against the states signing this declaration.'

"Consequently, an attempt against the integrity of territory and sovereignty of the United States would be considered an act of aggression against Brazil, determining our participation in the conflict and not a simple declaration of solidarity with the attacked, followed some time later by breaking diplomatic relations with aggressor states.

'Without consideraation for this peaceful attitude of Brazil and under the pretext of a need to make total war against a grand American nation, Germany attacked and sank without previous warning various Brazilian merchant units which were engaged in commercial navigation within the limits of 'the continental seas,' fixed in the Fifteenth Declaration at Panama.

"To these acts of hostility we limited ourselves to diplomatic protests designed to obtain satisfaction and just indemnification, reaffirming in these documents our intentions to maintain a state of peace.

"Greater proof is not possible of Brazilian tolerance and of her peaceful intentions. Now occurs the fact of flagrant infraction of the rules of international law.

"Despite the simplest principles of humanity, five vessels, the Baependy, Annibal, Benevolo, Arara, Araraquara and Itagiba, were attacked on the Brazilian coast while traveling in coastal commerce. They were carrying military and civil passengers and merchandise for northern Brazilian ports.

"There is no way to deny that Germany and Italy practiced war acts against Brazil, creating a belligerent situation which we are forced to recognize in defense of our dignity and sovereignty, our safety and that of America, and to repel it as our forces are able."

After receiving official notification that Brazil nad declared war on Germany and Italy, President Roosevelt, in a message to President Vargas, on Aug. 22, said that the action "adds power and strength, moral and material, to the armies of liberty" and "has hastened the coming of the inevitable victory of freedom over appression." The President's message follows:

"I have been informed that the United States of Brazil has today recognized that a state of war exists between Brazil, on one hand, and Germany and Italy on the other hand.

"On behalf of the Government and people of the United States I express to Your Excellency the profound emotion with which this courageous action has been received in this country. This solemn decision more firmly aligns the people of Brazil with the free peoples of the world in a relentless struggle against the lawless and predatory Axis powers. It adds power and strength, moral and material, to the armies of liberty. As brothers in arms, our soldiers and sailors will write a new page in the history of friendship, confidence, and cooperation which has marked since the earliest days of independence relations between your country and mine.

"The action taken today by your Government has hastened the coming of the inevitable victory of freedom over oppression, of Christian religion over the forces of evil and darkness.

"I send you my warmest personal regards and expressions of the fullest confidence in the success of our common cause."

Under date of Aug. 21, Associated Press accounts from Rio de Janeiro said:

"The loss of 169 Army officers and men in the recent Axis torpedoing of the Brazilian coastal vessels Baependy, Itagiba and Araraquara was announced officially today as United States and Brazilian planes searched off the 5,000-mile coastline for Axis submarines, including one which accosted a small coasting vessel with demands for fuel and food.

"The three ships were among five whose sinking in a space of three days was announced by the Government last Monday. Eighty-eight soldiers were saved. There were no accurate figures on civilian losses, but it appeared certain that civilian and military victims numbered more than 600."

New Cotton Exch. Members

At a meeting of the Board of Managers of the New York Cotton Exchange held on Aug. 20, Clyde L. Patton of Patton Brothers, Memphis, Tenn., and James Madison Fowler of J. M. Fowler Co. of Marietta, Ga., were elected to membership in the Exchange. Mr. Patton is also a member of the Memphis Cotton Exchange.

Investments In Fed. Savs.-Loan Ass'ns Up

The Federal Savings and Loan Insurance Corporation revealed on Aug. 15 that investments in insured thrift and home-financing institutions increased more than $100,000,000 in the first six months of 1942. "Since January, the trend of new investments has been upward and in June the rate of increase was 1.8% over the previous month, equal to the rate of gain a year ago," said Oscar R. Kreutz, General Manager of the Insurance Corporation. "For the first six months of 1942 as a whole, the gain in investments was approximately half that of the first six months of 1941." He further said:

"This lower rate of increase was to be expected. The nationwide campaign to sell War Bonds and Stamps, in which insured associations are taking an important part, has diverted a great volume of savings from ordinary channels into war securities. The larger the flow of money into War Bonds the better—for investment in those bonds is a primary duty of all Americans.

"At the same time, the volume of other types of saving is encouraging, too. The hope is that citizens not only will invest at least 10% of their income in War Bonds but keep up their regular savings programs and build up a huge reserve of spending power for after the war. Then spending for new homes and other cherished objectives will be as important to the Nation's economy as savings is now."

The savings of more than 3,000,000 investors in 2,374 savings and loan associations on June 30 totaled nearly $2,736,258,000, as compared with $2,589,466,000 at the end of 1941, it is stated, and it is added that about $41,000,000 of this increase was accounted for by investments in 39 associations accepted for insurance during the period and was not included by Mr. Kreutz in his estimate of increased savings in the January to June period.

Govt. Acts To Avert Farm Labor Shortage

New measures to help avert shortages of farm labor in critical producing areas were announced on Aug. 7 by the War Manpower Commission through Chairman Paul V. McNutt, and Secretary of Agriculture Claude R. Wickard, agricultural member of the Commission. They outlined Governmental actions to help transport domestic labor into such areas, and also set forth the relationship between the program for expediting movement of domestic labor and the arrangement by the Governments of Mexico and the United States for making available Mexican farm workers if workers cannot be obtained from within the United States. The announcement issued by the Department of Agriculture added:

"Chairman McNutt and Secretary Wickard pointed out that a major operating principle of the programs for Government help in recruiting and transporting farm labor is that adequate working standards and protection must be given the workers. Minimum working conditions for farm labor thus are established whenever Government aid is invoked to recruit or transport such workers. Not until it is clear that such minimum working standards and protection have been established, and that no domestic workers are available for jobs at such standards will workers be brought in from Mexico. The workers from Mexico will be afforded standards and protection equivalent to those afforded domestic workers."

Under the arrangement announced by the two Governments the following, in general, are the terms under which Mexican workers may be brought into the United States:

"1. Mexican workers will not be used to displace domestic workers and will serve only to meet additional needs for which sufficient domestic labor is not available.

"2. Payment of transportation expense from the point of origin of worker to employment centers in the United States and return shall be provided.

"3. Employment shall be provided for at least three-fourths of the working days in the contract period.

"4. Payment shall be on the basis of prevailing wages in the area for comparable work, with a minimum wage of 30 cents an hour, or an equivalent piece work rate, and subject to provisions of existing applicable laws.

"5. Adequate and sanitary housing conditions will be available for such labor."

From the Department's announcement we also quote:

"To implement the arrangement, the services of a number of agencies of the United States Government will be required. Responsibilities will be shared among the Immigration Service of the Department of Justice, the U. S. Public Health Service, and the United States Employment Service of the Federal Security Agency, and the Farm Security Administration of the Department of Agriculture. The necessary arrangements are now being made by the various agencies involved. United States farmers in the areas in which Mexican labor is to be employed to make up for shortages of domestic labor will place their orders with the U. S. Employment Service. Final arrangements on transportation will be made with the Farm Security Administration."

Allotment Figures On "Tap" Bond Sale

Secretary of the Treasury Morgenthau announced on Aug. 24 that total subscriptions for the 2½% Treasury Bonds of 1962-67—the "tap" issue—were $1,236,107,300. All subscriptions were allotted in full. The books for this issue, designed especially for investment by other than commercial banks, were open from Aug. 3 to Aug. 15. When these "tap" bonds were first offered in May, total sales amounted to $882,078,700. These bonds are an addition to and form a part of the series sold in May.

An analysis of the sales showed that there were 9,357 separate subscribers, with the largest classification represented by individuals, with 5,332. A breakdown of the subscriptions by types of investor disclosed that insurance companies purchased $762,005,000; savings banks, $124,377,500; individuals, $35,608,600, and all others, including the Treasury, $314,116,200.

Preliminary results of the offering were given in these columns Aug. 20, page 632.

Subscriptions and allotments for the 2½% bonds were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District—	Total Subscriptions Received and Allotted
Boston	$84,280,400
New York	752,031,300
Philadelphia	77,514,200
Cleveland	32,928,100
Richmond	21,116,500
Atlanta	5,997,300
Chicago	50,663,400
St. Louis	5,802,300
Minneapolis	22,583,000
Kansas City	10,836,000
Dallas	14,588,300
San Francisco	22,476,200
Treasury (for Govt. inv. accts.)	135,290,300
Total	$1,236,107,300

Fair Employment Group Transfer Explained

President Roosevelt's recent transfer of his Committee on Fair Employment Practice to the War Manpower Commission was intended to strengthen the group, the White House explained in a statement issued Aug. 17. The Committee had been originally independent.

The White House statement follows:

"The President has read and considered the various communications regarding the transfer of his Committee on Fair Employment Practice to the War Manpower Commission.

"He regrets that this transfer and the reasons therefor have been so widely misunderstood.

"It is the intention to strengthen, not to submerge, the committee and to reinvigorate, not to repeal, Executive Order 8802.

"The committee will gain strength by operating directly within the War Manpower Commission to which essential and extraordinary powers for the mobilization and use of all available men and women in the war effort have been given.

"The committee will make full use of the various branches and agencies of the Manpower Commission to increase the effectiveness and the range of its activities. It will have the co-operation, service and assistance of the personnel of these branches and agencies. It will have the friendly supervision of the chairman of the commission, Mr. Paul V. McNutt, whose grasp of the whole problem of manpower utilization will be of great assistance to the Committee on Fair Employment Practice.

"At the same time, as the President said in his letter of transfer, issued July 30, 'the committee shall be preserved as an organizational entity.' It will carry on its receipt, investigation and redress of complaints of discrimination in employment in war industries. in training agencies, and in the departments of the Federal Government in order to accelerate and reinforce the all-out effective use of our manpower potential without regard to race, creed, color and national origin of any man or woman.

"Moreover, the committee will continue to refer to the President all matters which. in its judgment, require his decision."

Authorize "Waves"

President Roosevelt signed on July 30 the bill establishing the Women's Reserve in the Navy. Although there is no Congressional limit on the size of the reserve. the Navy has fixed the first enrollment at 11.000 members.

The Women's Reserve. to be an integral part of the Navy, will take the place of regular Navy personnel in non-combatant shore posts within continental United States. The members of the unit will receive the same pay as the corresponding rank provides for the men in the Navy. Women between the ages of 20 and 50 are eligible for service.

Congressional action on the legislation was reported in these columns of July 23. page 276.

The head of the newly created Women's Reserves in the Navy, which latter is known as the Navy Waves, is Miss Mildred H. McAfee, President of Wellesley College. As Lieut-Commander of the Women's Reserves, U. S. N. R., took the oath of office in Washington on Aug. 3. Washington advices on that date to the New York "Herald Tribune" said:

"The swearing in ceremony took place in the office of Frank Knox, Secretary of the Navy. Mr. Knox administered the oath in the presence of Admiral Ernest J. King. Commander-in-Chief of the United States Fleet, and Rear Admiral Randall Jacobs, Chief of the Bureau of Navy Personnel, and news camera men."

In the same account Miss McAfee was quoted as saying:

"I have been offered a high honor and a great responsibility. As an individual I should not venture to accept either. I do, however, accept the honor on behalf of the colleges of America. They have shown themselves to be agencies of importance in the American scene, if academic administrative experience is considered of value to the Navy. I accept the responsibility as a representative of the women of America who welcome each new opportunity to render service to the Nation.

"The Waves are only one group of women who are trying to serve the Nation through helping the Navy. They join the Navy nurses, the Navy wives, the civilian employees as volunteers asking to be called upon for hard work and the privilege of service."

Miss AcAfee is on leave from Wellesley for the duration of the war. It was stated in United Press advices from Washington July 23 that when the bill just signed by the President became a law the Navy expected to train 10,000 to 12,000 women for various tasks performed by men.

President Urges Public To Turn In Steel Scrap

President Roosevelt urged on Aug. 7 that every possible ton of scrap steel be turned in in furtherance of the War Production Board's campaign for 17,000,000 tons of steel scrap needed to insure production in 1943. The President, at the request of WPB Chairman Donald M. Nelson, read to his press conference a statement appealing for the scrap. Mr. Roosevelt said that many statues and cannons now decorating parks throughout the country ought to be converted into new war weapons, adding that they could be replaced after the war with something more artistic.

Mr. Nelson's memorandum, which the President read, follows:

"We are engaged in an intensive drive to collect all the scrap steel possible to increase present production.

"We are keeping ahead of the blast furnaces now, but need all the steel we can get to keep ahead of production. We want to accumulate 17,000,000 tons of scrap steel to insure production through 1943.

"We want to have all abandoned steel structures, abandoned railways, buildings and farm machinery and any miscellaneous steel copper, brass and rubber that is lying around the homes of the country."

New Dwellings Decrease

Construction was started on 302,000 new dwelling units in non-farm areas during the first half of 1942, principally to provide homes for war workers, Secretary of Labor Perkins reported on Aug. 8. "The number of new dwelling units provided during the first half of 1942 represents a decrease of 18% as compared with the corresponding period of 1941," she said. Miss Perkins advices further stated:

"This drop, the result of a 38% decrease in new construction by private builders, is largely due to the War Production Board's order of April 9, halting all but the most essential construction. The Bureau of Labor Statistics of the United States Department of Labor estimates the permit valuations of the new dwelling units put under construction during the first half of this year to aggregate approximately $967,000,000. The non-farm area of the United States is defined by the Bureau of the Census as including all urban places, and all rural places except farms.

"Publicly financed projects for which construction contracts were awarded during the first six months of 1942 will provide accommodations for 107,952 families. It amounts to more than one-third of the total residential construction. Of this number, 105,987 units are under the jurisdiction of the Federal Public Housing Authority of the National Housing Agency, and are designated for war workers or families of military personnel. During the first six months of 1941, 54,555 units, of which 48,859 were reserved for war workers, were put under construction contract in publicly financed projects. By the end of June, 1942, the Federally financed war housing program had completed or under construction contract a total of 226,788 dwelling units in continental United States, not including dormitories, trailers, or portable units.

"One-family dwellings comprised approximately 85% of the total construction in the first half of 1942; 2-family dwellings accounted for 4% and apartment houses for 11%. This is about the same as the distribution in the first half of 1941. In the first quarter of 1942 an unusually large proportion of multifamily dwelling units were started, but this was offset in the second quarter by a large number of 1-family demountable units put under construction contract for public projects."

Non-Farm Mtg. Records In First 6 Months High

More than $2,000,000,000 of non-farm mortgages of $20,000 or less were recorded in the United States in the first half of 1942, according to an estimate announced Aug. 8 by the Division of Research and Statistics of the Federal Home Loan Bank Administration. This estimate was 10% less than the post-depression high level reached during the comparable period last year but was still 6% above the volume estimated for the first half of 1940, said the announcement, which quoted the report as saying:

"Banks and trust companies experienced the greatest decrease in recording activity from the first six months of 1941, 17%, followed by savings and loan associations with a 15% reduction. For these two classes—the leaders in volume—the declines so far in 1942 roughly compensated for rises experienced last year, leaving their lending volume approximately on a parity with the same 1940 period. Each of the other principal classes of lender reported a gain of at least 10% over the two years."

Savings and loan associations continued to lead the home mortgage field during the period, accounting for nearly 32% of the 687.638 mortgages recorded and 30% of the dollar amount, the summary showed. Banks and trust companies were second with 20 and 23% in number and amount respectively. The report added:

"During last June the total volume of mortgage recordings was $342,250,000, 2% lower than in May and a reduction of 20% from June, 1941. The greatest May-June reduction, 6%, was experienced by life insurance companies, followed by a 4% decrease for commercial banks. Mutual savings banks and miscellaneous lenders alone reported rises—1% during the month."

U. S. Mission To Bolivia

The State Department announced on Aug. 11 the signing of an agreement with Bolivia for the sending of a United States Military Commission to advise that country's armed forces. The pact, signed by Secretary Hull and Luis Fernando Guachala, the Bolivian Ambassador, will run for four years and is similar to agreements with other American republics.

Cotton Consumption In July At High Peak

Under date of Aug. 15, 1942, the Census Bureau issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles in the month of July. In the month of July, 1942, cotton consumed amounted to 995,041 bales of lint and 128,123 bales of linters, as compared with 966,940 bales of lint and 127,219 bales of linters in June, 1942, and 929,782 bales of lint and 134,657 bales of linters in July, 1941.

For the 12 months ending July 31, cotton consumption was 11,172,328 bales of lint and 1,494,073 bales of linters, against 9,721,703 bales of lint and 1,358,950 bales of linters in the same 12 months a year ago.

There were 2,252,690 bales of lint and 468,992 bales of linters on hand in consuming establishments on July 31, 1942, which compares with 1,876,776 bales of lint and 468,992 bales of linters on July 31, 1942.

7,632,193 bales of lint and 59,204 bales of linters were on hand in public storage and at compresses on July 31, 1942, and 9,703,976 bales of lint and 59,204 bales of linters on July 31, 1941.

There were 23,111,848 cotton spindles active during July, 1942, which compares with 23,028,082 active cotton spindles during July, 1941.

Canada Crop Conditions Continue Favorable

Weather that has been generally favorable for crop development has prevailed in the Canadian Prairie Provinces for the week ended Aug. 13, according to the crop report of the Bank of Montreal. It is stated that except in a few scattered areas, moisture is ample and warm dry weather is a major requirement to lessen danger from rust and early frosts. It is further indicated:

"Although cutting of wheat has commenced in Manitoba and in a few southern districts, it will not be general for about two weeks. Good yields are indicated from the harvesting of rye and barley, while oats continue to show steady progress. Further lodging and slight hail damage is reported.

"Continued good weather and favorable yield prospects are reported for fruit, grain and vegetable crops in Quebec and Ontario. Although lack of sufficient moisture for good growth is reported in some sections of the Maritime Provinces, conditions generally continue to be favorable there and in British Columbia.

Payment On Cordoba 7s

The City of Cordoba (Argentine Republic) has provided for payment in full in U. S. currency dollars of all claims represented by its outstanding 7% external sinking fund gold bonds of 1957 which the city has not previously purchased, according to an announcement made by White, Weld & Co., fiscal agents for the loan. From the notice we also quote:

"Holders of the bonds are being notified by the fiscal agents that payment will be made, including interest to Aug. 15, 1942, whether or not bonds have been stamped under the settlement, dated July 1, 1939, of the suit on the bonds previously instituted by White, Weld & Co. in Argentina. The amount distributable by White. Weld & Co. per $1.000 bond will be $1,152.67 or $1,472.29, depending upon whether the bonds were or were not stamped pursuant to the 1934 Readjustment Plan, in either case less deduction for expenses. Funds distributable on bonds deposited with the Committee of which Fred J. Young is Chairman have been paid to that Committee."

July Living Costs Up In Industrial Cities

Living costs for wage earners and lower-salaried clerical workers rose from June to July in 34 of the 67 cities surveyed each month by The Conference Board, which on Aug. 17 reported that in three cities—Los Angeles, Sacramento and Baltimore—the cost of living advanced 1.0% or more. No change occurred in nine cities, while in 24 costs fell from 0.1 to 0.6%. In the United States as a whole, the level of living costs rose 0.2%, due chiefly to a 0.8% increase in food prices. The Board likewise states:

"The cost of living was higher this July than in July, 1941, in all the cities for which comparable figures are available. It rose above the level of a year ago from 7.4% in Louisville, the smallest increase shown, to 15.6% in Oakland, the largest. For the United States as a whole, the cost of living increased 9.7% during the 12-month period.

Traitor Must Hang

Federal Judge Arthur J. Tuttle decreed in a Detroit court on Aug. 6 that Max Stephan must die for treason against the United States. The German-born Detroit restaurant owner, who had been convicted by a jury on July 2, was ordered to be hanged at the Federal Correctional Institution at Milan, Mich., on Nov. 13.

He was charged with having assisted a Nazi prisoner of war who had escaped from a Canadian camp but was later recaptured in Texas. United Press accounts from Detroit Aug. 6 said:

"It was the first Federal treason conviction since the Whisky Rebellion of 1781. In each case arising from the Pennsylvania whisky rebellion a pardon was granted the convicted person."

Assume Coffee Exch. Posts

William B. Craig, Vice-President of the New York Coffee & Sugar Exchange, was elected its President at a special election of officers held on Aug. 20. At the same time John C. Gardner was elected Treasurer. Both positions had been rendered vacant earlier in the month upon the resignation of W. W. Pinney and Richard L. Lamborn, the previous incumbents, in order to take up active duty as Naval Lieutenants, as noted in these columns Aug. 13, page 527. Mr. Craig has been associated with the sugar industry since 1910, serving as general purchasing agent for the Spreckels Sugar Co. and Western Sugar Refinery of San Francisco until 1920 when, as representative of the Spreckels interests, he went to the Philippines as Resident Manager of the Pampanga Sugar Mills in Manila. The advices from the Exchange further stated:

"Upon his return to this country he became associated with Hawaiian sugar interests as New York manager of Theo. H. Davies & Co., Ltd., and Vice-President of the Honolulu Iron Works Co. In 1937, Mr. Craig was elected President of Ledward, Bibby & Co. Inc., of New York, who have been the largest importers of Philippine sugar in the United States. Mr. Craig is a director of the New York Sugar Trade Laboratory and has been a member of the Exchange since April, 1930. He has served on the Board of Managers of the Exchange since 1939 and was elected its Vice-President in 1942.

"Mr. Gardner has been actively engaged in the sugar business here with Lowry & Co., Inc., and its predecessor firm, E. Atkins & Co., since 1922, and has been Vice-President of the firm since 1932. He was elected to membership in the Exchange in 1932 and has served on the Board of Managers since January of this year."

More Negroes Placed In Industrial Work

Industrial placements of skilled and semi-skilled Negroes have increased in New York and New England during the last month and a shortage of qualified Negro workers is developing, Paul V. McNutt, Chairman, War Manpower Commission, was recently informed, according to advices made public by the Commission on Aug. 8, which went on to say:

"At the same time, however, Negro enrollment in war training classes in the Metropolitan area and New York City area has increased from 4% to 10% of the total number of trainees.

"These developments were reported to Chairman McNutt by Dr. Robert C. Weaver, Director of the Negro Manpower Service, War Manpower Commission. The rise in Negro placements were credited to the coordinated efforts of the Committee on Fair Employment Practice, the Governor's Committee on Discrimination, the regional office of the War Manpower Commission, and the cooperation of trade unions in the area.

"The increase in Negro training included the enrollment of additional colored girls in aircraft classes following the placement of Negro female trainees at the Eastern Aircraft plant of the General Motors Corporation at Tarrytown, N. Y. At the same time welding training was opened for Negroes at the Rheem Shipbuilding Company in Providence, R. I., thereby permitting colored workers to be trained for every skilled operation in the yard.

"During the month, several thousand skilled, semi-skilled and unskilled Negro workers were cleared through the United States Employment Service for construction work on up-State jobs, with a large number receiving employment in an ordnance plant at Niagara and at the Naval Training Station at Sampson, N. Y.

"The United Electrical Radio and Machine Workers of America, CIO, continued its campaign for the placement of Negro workers in the New York area, with two locals, 1225 and 1227, placing more than 50 colored men and women last week in shops under contract to those locals.

"Other developments included an agreement with a large defense firm in Providence, R. I., for the employment of additional Negro women, and a similar agreement with the Sperry Gyroscope Co. for the admission of Negro women to its training courses for employment in that company's new Lake Success plant."

August 1 Cotton Report

A United States cotton crop of 13,085,000 bales is forecast by the Crop Reporting Board of the United States Department of Agriculture, based upon information gathered as of Aug. 1. Such a production would be 2,341,000 bales, or 22% more than the 1941 crop, and only about two-tenths of 1% less than the 10-year (1931-40) average. This would be the largest crop since 1937.

The average yield for the United States is forecast at 266.7 pounds per acre, which is 34.8 pounds more than the 1941 yield, and 51.7 pounds more than the 10-year average of 215.0 pounds per acre.

Above-normal temperatures during July, coupled with optimum rainfall in most areas, held weevils in check and has been generally beneficial for the development of the crop. Yields per acre are indicated to be above average for all States except Arizona and above 1941 except in Arkansas, Missouri, Virginia, and Tennessee where unusually high yields were produced last year.

The 23.544.000 acres published in this report is the estimated acreage in cultivation on July 1 less the 10-year average abandonment from natural causes. This acreage is 5.9% more than that harvested in 1941. The Board also secured such information as was available concerning the number of acres which are being removed from cultivation since July 1 to comply with the provisions of the Agricultural Conservation Program, and made allowance for such reduction in acreage in estimating probable production.

Reports from correspondents indicate that the crop is from one to three days later than usual in Louisiana, Oklahoma, New Mexico and Arizona, one week late in Texas and two weeks late in California. In all other States the crop is farther advanced than usual, being reported as one week to ten days earlier than usual in Virginia, North Carolina, South Carolina, Georgia, and Tennessee.

Present indications are that loss from boll weevils this year will be generally much lighter than in 1941. The heaviest infestations are reported in the Coastal Plains sections of the Carolinas, Georgia and Alabama. Elsewhere in the Belt weevils are reported to be less abundant than usual. The probable percent loss from weevils in the various States, as indicated by reports on Aug. 1, are: Virginia, 6%; North Carolina, 8%; South Carolina, 12%; Georgia, 12%; Florida, 8%; Tennessee, 1%; Alabama, 8%; Mississippi, 6%; Arkansas, 6%; Louisiana, 7%; Oklahoma, 8%, and Texas, 7%. The average loss expected for the United States is 7.3% this season, compared with 15.4% last year, and the 10-year average (1931-40) of 8.3%.

Cotton ginnings for the United States were reported by the Bureau of the Census at 48,615 running bales (counting round as half bales) ginned from the crop of 1942 prior to Aug. 1, compared with 1,969 for 1941 and 32,187 for 1940.

Disposal Of Bank Records To Aid In War Effort

New problems arising out of the war including conservation of space and salvage of waste paper, has brought renewed attention by banks to the matter of disposal of their old records. As a consequence, the Chicago Bank Auditors Conference reports a heightened interest in its publication, "Minimum Retainment Periods for Bank Records," necessitating a second printing, copies of which are now available. This comprehensive guide for banks was prepared by a special committee of the Chicago group and has had the endorsement of many authorities throughout the Nation. It lists the minimum retainment periods recommended for 177 types of bank records, which are classified according to administrative divisions supplemented by an alphabetical index. It covers a large part of the records and documents usually stored in bank archives and is intended as a standard procedure for banks to follow, especially where there is a scarcity of space and when there is doubt as to whether or not certain records should be retained.

One of the most striking facts shown by the study is that many records, which bankers have previously thought should be kept permanently, can be disposed of in one to five years. The findings reveal that those records which must be retained permanently are far in the minority.

The committee is making its study available to banks all over the country as a contribution to better banking operations and standardized practices. Copies may be obtained from R. Ostengaard, Comptroller-Auditor of the Live Stock National Bank of Chicago, Ill., who is also serving this year as President of the Chicago Bank Auditors Conference. Fifty cents per copy is charged to cover cost of production and printing.

New Rule On Deposit Of Public Moneys

Allan Sproul, President of the Federal Reserve Bank of New York, issued on Aug. 12 the following circular to designated special depositaries of public moneys and all other incorporated banks and trust companies in the New York Federal Reserve District:

"It appears that under present conditions the maximum qualifications of certain special depositaries of public moneys, designated pursuant to Treasury Department Circular No. 92, as amended and supplemented, may at times be insufficient to meet their requirements. Accordingly, the Treasury Department has authorized this bank to consider, upon application by such a depositary, an increase in its maximum qualification, provided that all deposits in a 'War Loan Deposit Account' in excess of 100% of the capital and surplus of the depositary shall be secured by pledge of United States Government securities of equal value.

"This bank, therefore, will receive from designated depositaries of public moneys in the Second (New York) Federal Reserve District applications for increase of their maximum qualifications where present circumstances require such increase. This bank will also accept applications for designation as special depositaries of public moneys from incorporated banks and trust companies not presently qualified as such."

Urges Ordering Parts For Oil Burner Conversion

Home owners and plant operators should make immediate arrangements to obtain the grates and stokers needed to convert fuel oil burners, and at the same time, arrange to purchase the necessary amounts of coal, the War Production Board's Plumbing and Heating Branch said on Aug. 17. The Branch pointed out that the action of WPB in setting aside 11,000 tons of material needed for conversion will have served its purpose only if manufacturers receive the orders on which to base their application for allocations of materials. The announcement further said:

"Attention was called to the joint statement of OPA Administrator Leon Henderson and Petroleum Coordinator Harold L. Ickes advising every user of oil heat in the eastern area to take immediate steps to prepare for a fuel oil shortage this winter.

"Home owners may be able to find the type of grates they need by going to a heating contractor or distributor. All existing stocks of grates and the accessory materials needed for conversion purposes may now be sold without restrictions.

"If grates are not available in stock, a home owner should order a set from a contractor or dealer, and the equipment will be made from the metals provided for this purpose by WPB. The home owner need not file any papers.

"Delay in ordering grates or stokers and the necessary coal threatens the success of the conversion program, Branch officials said. Applications for materials, final manufacture, the assurance that homes and plants will be warm this winter—all depend on prompt action by the consumer.

"Industrial plants desiring to obtain stokers for conversion purposes should file an application for a preference rating with the Plumbing and Heating Branch.

President Roosevelt recently urged that users of fuel and heating oils in the Atlantic States convert their furnaces to coal-consuming units in view of the possible shortage next winter.

The President's appeal was in the form of a note to Petroleum Coordinator Ickes, who has repeatedly issued warnings regarding the fuel oil shortage. In a recent warning Mr. Ickes informed all dealers in the East that oils in storage were far below a year ago and that it had been impossible to build up inventories. He further said that "it is quite possible that fuel and heating oil may be so short next winter that deliveries may have to be refused to any consumer who is able to convert, but who has not done so."

The President wrote to Mr. Ickes as follows:

"I earnestly hope that every citizen will realize the serious uncertainties which cloud our prospects for petroleum supplies on the Atlantic seaboard next winter. Whatever action he may decide to take, every user of fuel and heating oil should face realistically the fact that there can be no guarantee that he will get enough oil to meet even his minimum needs."

Formal Review of WAAC

The first formal review of the Women's Army Auxiliary Corps, known as the WAAC, was held at Fort Des Moines, Iowa, on Aug. 9, with their director, Mrs. Oveta Culp Hobby, reviewing the group of 800. The bill creating the Corps was signed by President Roosevelt on May 15, as was indicated in our issue of May 21, page 1960, at which time the swearing in of Mrs. Hobby was noted. In Associated Press advices from Washington Aug. 8 from Fort Des Moines, it was stated:

"The first WAAC officers will be graduated from this training school Sept. 1 and plans call for placing at least one of them immediately in each of fifty-two major recruiting offices throughout the nation. They will recruit auxiliaries for the Corps. Others of the 444 members of the first class will remain here to train incoming groups."

It was announced on Aug. 4 that one of the first young women from a New York City bank to be accepted for duty at the WAAC Officers Training School at Fort Des Moines is Miss Beatrice Ringgold of the New York Trust Company. The announcement from the trust company said:

"Miss Ringgold is one of 41 selected from the 3,500 applicants in the Second Corps Area. She has been with the Trust Company since 1930 and left a position in the Foreign Property Control Department to join the United States Army."

NAREB Asks Amendment To Bill To Abolish War Contract Fees

The House-approved bill designed to prohibit the payment of contingent fees for obtaining Government contracts is so broad in its wording, claims the National Association of Real Estate Boards, that it would rule out many legitimate fees charged in the normal course of business. In a letter to the Senate Naval Affairs Committee, before which body the bill now is, the Association says that apparently it would, unintentionally, prohibit the payment of commissions to real estate brokers by property owners for negotiating the sale or lease of a property to a government agency. In requesting a hearing before the Committee, the Association asks that the bill be amended to exclude from its provisions "recognized and established agencies which are the procuring cause of the sale or lease of real property."

The Association's announcement says:

"Chaos in the whole real estate field would be threatened by the over-broad language of the proposed measure, since real estate is listed with the real estate broker for the purpose of his finding a lessee or a purchaser without regard to the character of the purchaser or the lessee, whether it be Government, financial institution, estate, or individual. It is not thought that the proponents of the bill desire to create a chaotic condition, upsetting established real estate business practices, the Association points out in a letter signed by Herbert U. Nelson, Executive Vice-President. Such action would hinder rather than promote the war effort. The Government has a very real interest in real estate in these times. It can best draw upon our real estate resources for the war effort quickly and accurately through the services of skilled real estate men licensed by the various States who know the market and know local resources in detail. If the present bill were to make such employment impossible, the Government would have to employ its own personnel to fill its real estate needs, which include industrial plants, warehouses, office space and land for cantonments and the like.

House passage of the bill was briefly noted in these columns of July 23, page 277.

Seeks Government War Contracts For N. Y. C.

In an effort to relieve the unemployment situation in New York City, Percy C. Magnus, President of the New York Board of Trade, appealed on Aug. 17 to the Smaller War Plants Corporation, a division of the War Production Board, for "earnest consideration" of the plan proposed by the City of New York Department of Commerce. The plan recommended calls for the Smaller War Plants Corporation organizing a New York City coordinating corporation which "could contract with the Federal Government for the manufacture of war supplies and, in turn, would sub-contract to many of our presently idle plants." Mr. Magnus points out that a unique feature of the plan provides for the utilization of the services of engineering firms to be paid by the Smaller War Plants Corporation to carry out the details of sub-contracting and supervision.

Mr. Magnus points out that over 400,000 unemployed workers are available, "many of them highly skilled."

War Bond Payroll Plans Urged For Small Firms

Small business concerns, employing from 3 or 4 persons up to 150 or even more, can swell War Bond sales by tens of millions of dollars a month through payroll deduction plans, James Twohy, Governor of the Federal Home Loan Bank System, declared, on Aug. 22. "The owners and officials of such concerns are, of course, buying War Bonds as heavily as any one else, and many of their employees have contributed individually," said Mr. Twohy. "But they haven't been placed on a regular schedule and that kind of a schedule has proven the most productive of real results."

Mr. Twohy called on the 3,800 member institutions for which the Bank System provides a credit reserve—chiefly savings and loan associations and similar thrift and home-financing institutions — to expand their efforts to include all small business concerns, asserting that such institutions are more closely in touch with small firms than most other organizations.

Mr. Twohy said that the 12 Regional Banks of the Federal Home Loan Bank System have been conducting intensive campaigns for the past several months. Field men have been sent out as the special representatives of each of the bank presidents to supplement the work of state, county and community War Bond Committees and to "find the means by which thrift institutions can be of the most service in this campaign."

ABA Exec. Council To Hold Meeting In N. Y.

Members of the Executive Council of the American Bankers Association will gather in New York for a two-day session at the end of next month, it is announced by Henry W. Koeneke, President of the Association. The session will be held Sept. 29-30, dates originally scheduled for the ABA convention which was to have been held in Detroit. The Council meeting will be preceded by a meeting of the Association's Administrative Committee on Sept. 28. Thus, although the Association will not assemble as a whole, its representative governing body will meet. In making the announcement of the coming meetings, Mr. Koeneke said:

"It was with great reluctance that plans for our convention were cancelled, for our annual convention has been a real opportunity for the members to meet together and express themselves. But the country is engaged in such a gigantic war effort that its transportation facilities, like other facilities, are being taxed to the utmost. The movement of troops and the production and movement of supplies for the troops are the most vital needs of the country. Hence, when we were asked by the Office of Defense Transportation to yield to those needs we acquiesced readily.

"But the service of the Association to its members must and will go on. Fortunately we have within our structure the machinery by which it can be carried on under the direction of the members themselves.

"The ABA is a democratic organization operating under the direction of duly elected representatives. It has as its governing body an Executive Council subordinate in authority only to the membership in convention assembled. The Executive Council consists of bankers elected by the members in every State at their State convention. Since it was not possible to have our convention it has seemed wise to the officers to call the Executive Council into session to consider the Association's activities and give direction to its policies."

Government Employment At New Record In June

Employment in the executive branch of the Government reached 2,207,754 at the end of June, an increase of 140,881 during the month, the Civil Service Commission reported on Aug. 19, according to Associated Press advices which further stated:

"The War Department added 81,444 civilian employees, bringing its total to 824,698. The Navy added 33,811 workers, making its staff total 449,826.

"Other large increases during the month were 4,387 new employees in the Office of Price Administration, and 2,886 in the War Production Board.

"Federal civil jobs increased 837,644 or 61.4% during the fiscal year ended June 30.

"The June payroll was $353,364,409."

$300,000 To Navy Relief

Clarence Dillon, National Chairman of the Navy Relief Society, announces that Harold S. Vanderbilt has contributed $300,000 to Navy Relief, representing the entire purchase price paid by the U. S. Government for his new motor sailer, "Vagrant." Mr. Vanderbilt's gift, it is announced, is the largest so far received by the Society from any contributor. The "Vagrant" was taken over by the Government in March, and was later refitted and commissioned in the U. S. Navy, in which the vessel now serves.

Electric Output For Week Ended Aug. 22, 1942 Shows 13.7% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Aug. 22, 1942, was 3,673,717,000 kwh., which compares with 3,230,750,000 kwh., in the corresponding period in 1941, a gain of 13.7%. The output for the week ended Aug. 15, 1942, was estimated to be 3,654,705,000 kwh., an increase of 12.9% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Aug. 22, '42	Aug. 15, '42	Aug. 8, '42	Aug. 1, '42
New England	6.2	6.2	3.9	6.4
Middle Atlantic	10.9	9.7	7.0	6.7
Central Industrial	9.4	7.3	7.5	7.5
West Central	8.7	4.3	4.8	5.6
Southern States	19.0	21.9	23.5	20.0
Rocky Mountain	8.9	8.3	7.6	8.1
Pacific Coast	27.1	25.5	24.6	23.8
Total United States	13.7	12.9	12.5	11.8

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Jun 6	3,372,374	3,076,323	+ 9.6	2,598,812	1,435,471	1,689,925
Jun 13	3,463,528	3,101,291	+11.7	2,664,853	1,441,532	1,699,227
Jun 20	3,433,711	3,091,672	+11.1	2,653,788	1,440,541	1,702,501
Jun 27	3,457,024	3,156,825	+ 9.5	2,659,825	1,456,961	1,723,428
July 4	3,424,188	2,903,727	+17.9	2,425,229	1,341,730	1,592,075
July 11	3,428,918	3,178,054	+ 7.9	2,651,626	1,415,704	1,711,625
July 18	3,565,367	3,199,105	+11.4	2,681,071	1,433,993	1,727,225
July 25	3,625,645	3,220,526	+12.6	2,760,935	1,440,386	1,723,031
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728
Aug 8	3,637,070	3,233,242	+12.5	2,743,284	1,415,122	1,729,667
Aug 15	3,654,795	3,238,160	+12.9	2,745,697	1,431,910	1,733,110
Aug 22	3,673,717	3,230,750	+13.7	2,714,193	1,436,440	1,750,056
Aug 29	------	3,261,149	------	2,736,224	1,464,700	1,761,594

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on Aug. 19 that reports received by the bank from commercial paper dealers show a total of $305,300,000 of open market paper outstanding on July 31, 1942. This total compared with $315,200,000 outstanding on June 30 and with $329,900,000 on July 31, 1941.

Following are the totals for the last two years:

1942—	$	1941—	$
July 31	305,300,000	July 31	329,900,000
June 30	315,200,000	June 30	299,000,000
May 29	354,200,000	May 31	295,000,000
Apr. 30	373,100,000	Apr. 30	274,600,000
Mar. 31	384,300,000	Mar. 31	263,300,000
Feb. 28	388,400,000	Feb. 28	240,700,000
Jan. 31	380,600,000	Jan. 31	232,400,000
1941—		1940—	
Dec. 31	374,500,000	Dec. 31	217,900,000
Nov. 29	387,100,000	Nov. 30	231,800,000
Oct. 31	377,700,000	Oct. 31	252,400,000
Sept. 30	370,500,000	Sept. 30	250,700,000
Aug. 30	353,900,000	Aug. 31	244,700,000

Gross And Net Earnings Of United States Railroads For The Six Months Ended June 30

As we have shown for the past six months the monthly earnings of the railroads of the United States have been expanding in no ordinary degree and have been reflecting the continued rapid expansion in the war program. When the figures of earnings are brought together for the first six months of 1942 we find that the figures for both gross and net exceed those of any other like period in the history of the railroads.

It does not seem possible the war can be terminated in a short period of time, which means that the war production program is bound to continue on a large and increasing scale, thus maintaining a high level of earnings for the railroads. There is no doubt either that the roads will be unable to maintain such a low ratio of expenses to earnings as with the hard usage the equipment is being put to there will be increased maintenance costs, so that net earnings will accordingly be lowered. Increased labor costs and taxes are other items that will affect the net earnings of the railroads adversely.

The comparison of the first half of 1942 with the similar period of last year shows gross earnings advancing to $3,280,758,417 from $2,420,002,097, a gain of $860,756,320, or 35.57%. Operating expenses were necessarily higher, but the economy practiced by the railroad managers is shown by a reduction of the ratio of earnings to expenses to 65.75% from 69.20%. This trend obviously cannot be maintained, but for the first half of 1942 the result of all factors was a net earnings figure of $1,123,614,510, against $745,400,655 in the first half of 1941, a gain of $378,213,854. We now present these results in tabular form:

Jan. 1 to June 30—	1942	1941	Incr. (+) or Decr. (—) Amount	%
Mileage of 132 roads	231,504	232,287	— 783	— 0.34
Gross earnings	$3,280,758,417	$2,420,002,097	+$860,756,320	+35.57
Operating expenses	2,157,143,907	1,674,601,441	+ 482,542,466	+28.82
Ratio of expenses to earnings	(65.75%)	(69.20%)		
Net earnings	$1,123,614,510	$745,400,656	+$378,213,854	+50.74

The month by month comparison of the railroads' earnings for the first half of 1942 and the like period of 1941 shows the continued progress that has been made. There were no serious national disasters, such as earthquakes and floods, to hamper railroading in either half-year which we are comparing and as agricultural and weather conditions were generally favorable in both periods we present the month by month comparisons without further comment:

	Gross Earnings				Mileage	
Month	Year Given	Year Preceding	Inc. (+) or Dec. (—) Amount	%	Year Given	Year Preced'g
January	$480,688,115	$376,530,212	+$104,157,903	+27.66	231,638	232,441
February	462,482,830	357,564,014	+ 104,918,816	+29.35	231,593	232,414
March	540,299,056	415,525,798	+ 124,773,258	+30.03	231,575	232,297
April	572,530,962	374,304,616	+ 198,226,346	+52.97	231,500	232,227
May	601,064,733	441,529,183	+ 159,535,550	+36.13	231,368	232,218
June	623,695,610	454,548,079	+ 169,147,531	+37.31	231,341	232,137

	Net Earnings			
Month	Year Given	Year Preceding	Inc. (+) or Dec. (—) Amount	%
January	$131,949,179	$108,299,877	+$23,649,302	+21.84
February	134,878,897	102,735,090	+ 32,143,807	+31.29
March	180,204,500	132,899,824	+ 47,304,676	+35.59
April	205,791,498	100,023,867	+105,767,631	+105.74
May	225,576,889	145,481,304	+ 80,095,585	+55.06
June	245,225,980	155,957,835	+ 89,268,145	+57.24

As is customary, let us turn now to consider the statistics relative to the trade activity which has a direct bearing on the railroad revenues.

The following figures, which are presented in our usual simplified form, are indicative of the trade activity in the more essential industries of the country. These figures, together with those pertaining to grain, livestock receipts and revenue freight car loadings, are tabulated for the six-month period ended June 30, 1942, in comparison with the corresponding periods for the years 1941, 1940, 1932 and 1929:

6 Mos. Ended June 30—	1942	1941	1940	1932	1929
Building ($000):					
†Constr. contracts awarded	3,723,725	2,549,962	1,623,087	667,079	3,667,983
Coal (net tons):					
‡Bituminous	248,808,000	228,606,000	219,583,000	144,588,000	259,573,000
§Pennsylvania anthracite	29,507,000	26,913,000	25,727,000	24,162,000	35,733,000
Freight Traffic:					
¶Carloadings, all (cars)	21,060,005	19,850,732	16,914,535	14,107,820	25,516,953
††Livestock receipts:					
Chicago (cars)	35,671	34,844	38,972	76,467	106,072
Kansas City (cars)	20,665	14,188	12,119	28,800	43,901
Omaha (cars)	12,443	9,868	10,256	25,173	39,153
‡‡Western flour and grain receipts:					
Flour (000 barrels)	11,058	10,827	10,614	9,519	11,899
Wheat (000 bushels)	107,295	125,742	119,920	100,155	133,779
Corn (000 bushels)	161,268	111,042	87,360	59,982	142,537
Oats (000 bushels)	34,559	24,883	25,412	30,275	57,179
Barley (000) bushels)	43,106	43,922	36,430	11,441	21,690
Rye (000 bushels)	9,959	9,296	9,393	3,501	6,200
Iron and Steel (net tons):					
§§Steel ingot production	42,570,247	40,868,204	29,405,402	8,737,368	33,004,861
Lumber (000 feet):					
¶¶Production	6,069,216	6,205,331	5,534,655	2,806,164	9,302,096
¶¶Shipments	6,982,891	6,568,939	5,710,664	3,563,013	9,486,965
¶¶Orders received	7,583,110	7,009,849	5,656,767	3,413,196	9,515,817

Note—Figures in above table issued by:

†F. W. Dodge Corp. (figures for 37 States east of Rocky Mountains). ‡National Bituminous Coal Commission. §United States Bureau of Mines. ¶Association of American Railroads. ††Reported by major stock yard companies in each city. ‡‡New York Produce Exchange. §§American Iron and Steel Institute. ¶¶National Lumber Manufacturers' Association (number of reporting mills varies in different years).

Every item with the exception of wheat and barley receipts and lumber production showed a gain over the 1941 activity. Building construction passed the $3,500,000,000 mark with a gain of $1,173,763,000 over the 1941 period. Bituminous coal mined soared 20,202,000 net tons over 1941, while steel ingot production reached a new high for the period with a total of 42,570,247 net tons. This surpassed the 1941 figure by some 1,702,043 net tons. Grain receipts generally, livestock receipts and anthracite coal output also showed improvements over the previous corresponding period.

In turning to our summary grouping of the roads, which presents in tabulated form the geographical division of all the roads and systems according to the sections of the country in which they are located, we find, that in duplication of last year's showing, every district and region recorded a gain over the previous year. The forerunner of the districts was once again the Western District, which led in both gross and net increases, with gains of 42.25% and 72.20%, respectively. The Southern and the Eastern District followed in that order in both gross and net categories. The Southwestern region led the regions in the gross listing with an increase of 48.48%, while the Central Western and Southern regions followed with respective improvements of 47.74% and 42.19%.

In the net grouping the same three regions again showed the greatest gains, but the order was slightly transposed. The Central Western region led with a gain of 89.19% and was followed by the Southwestern region with an 83.83% increase and the Southern region with a 64.91% gain.

Without further ado we now make reference to our summary grouping which follows. Our grouping, as previously explained, coincides with the classification of the Interstate Commerce Commission. The territories covered by the various districts and regions are explained in the footnote which is subjoined to the following table:

SUMMARY BY GROUPS—SIX MONTHS ENDED JUNE 30

District and Region	Gross Earnings			
	1942	1941	Inc. (+) or Dec. (—)	
Eastern District—	$	$	$	%
New England region (10 roads)	131,115,479	100,062,409	+ 31,053,070	+31.03
Great Lakes region (23 roads)	571,015,308	452,584,274	+118,431,034	+26.17
Central Eastern region (18 roads)	696,845,219	526,474,995	+170,370,224	+32.36
Total (51 roads)	1,398,976,006	1,079,121,678	+319,854,328	+29.64
Southern District—				
Southern region (26 roads)	466,675,542	328,201,590	+138,473,952	+42.19
Pocahontas region (4 roads)	175,489,552	141,223,675	+ 34,265,877	+24.26
Total (30 roads)	642,165,094	469,425,265	+172,739,829	+36.80
Western District—				
Northwestern region (15 roads)	334,839,297	259,925,993	+ 74,913,304	+28.82
Central Western region (16 roads)	638,528,357	432,209,090	+206,319,267	+47.74
Southwestern region (20 roads)	266,249,663	179,320,071	+ 86,929,592	+48.48
Total (51 roads)	1,239,617,317	871,455,154	+368,162,163	+42.25
Total all districts (132 roads)	3,280,758,417	2,420,002,097	+860,756,320	+35.57

District and region	Mileage		Net Earnings			
			1942	1941	Incr. (+) or Dec. (—)	
Eastern District—	1942	1941	$	$	$	%
New Eng. region	6,646	6,698	46,830,509	32,806,749	+ 14,023,760	+42.75
Great Lakes region	26,026	26,066	180,195,298	139,411,318	+ 40,783,980	+29.25
Cent. Eastern reg.	24,235	24,479	214,725,348	156,129,130	+ 58,596,218	+37.53
Total	56,907	57,243	441,751,155	328,347,197	+113,403,958	+34.54
Southern District—						
Southern region	37,802	38,113	176,058,364	106,757,297	+ 69,301,067	+64.91
Pocahontas region	6,069	6,082	79,861,766	62,947,817	+ 16,913,949	+26.87
Total	43,871	44,195	255,920,130	169,705,114	+ 86,215,016	+50.80
Western District—						
Northwestern region	45,615	45,527	104,892,678	76,102,873	+ 28,789,805	+37.83
Cent. Western reg.	56,091	56,255	220,483,220	116,539,213	+103,944,007	+89.19
Southwestern region	29,020	29,067	100,567,327	54,706,259	+ 45,861,068	+83.83
Total	130,726	130,849	425,943,225	247,348,345	+178,594,880	+72.20
Total all districts	231,504	232,287	1,123,614,510	745,400,656	+378,213,854	+50.74

Note—Our grouping of the roads conforms to the classification of the Interstate Commerce Commission, and the following indicates the confines of the different groups and regions:

EASTERN DISTRICT

New England Region—Comprises the New England States.

Great Lakes Region—Comprises the section on the Canadian boundary between New England and the westerly shore of Lake Michigan to Chicago, and north of a line from Chicago via Pittsburgh to New York.

Central Eastern Region—Comprises the section south of the Great Lakes Region east of a line from Chicago through Peoria to St. Louis and the Mississippi River to the mouth of the Ohio River, and north of the Ohio River to Parkersburg, W. Va., and a line thence to the southwestern corner of Maryland and by the Potomac River to its mouth.

SOUTHERN DISTRICT

Southern Region—Comprises the section east of the Mississippi River and south of the Ohio River to a point near Kenova, W. Va., and a line thence following the eastern boundary of Kentucky and the southern boundary of Virginia to the Atlantic.

Pocahontas Region—Comprises the section north of the southern boundary of Virginia, east of Kentucky and the Ohio River north to Parkersburg, W. Va., and south of a line from Parkersburg to the southwestern corner of Maryland and thence by the Potomac River to its mouth.

WESTERN DISTRICT

Northwestern Region—Comprises the section adjoining Canada lying west of the Great Lakes Region, north of a line from Chicago to Omaha and thence to Portland, and by the Columbia River to the Pacific.

Central Western Region—Comprises the section south of the Northwestern Region west of a line from Chicago to Peoria and thence to St. Louis, and north of a line from St. Louis to Kansas City and thence to El Paso and by the Mexican boundary to the Pacific.

Southwestern Region—Comprises the section lying between the Mississippi River south of St. Louis and a line from St. Louis to Kansas City and thence to El Paso, and by the Rio Grande to the Gulf of Mexico.

The preceding information has referred to the railroads as a collective group. In the following we shall deal with the roads and systems individually.

Almost two-thirds, or 87 of the roads, recorded gains of $500,000 or more in their gross earnings for the first six months of 1942 in comparison with the corresponding period of 1941. Of these, 67 were able to convert their gross gains into net increases of major proportions, $500,000. The Pennsylvania more than doubled its last year's increase with a gain of $101,484,246, followed by the Southern Pacific, which recorded an increase of $71,603,895. The New York Central was third with an improvement of $58,320,064. In the net classification, the Pennsylvania once again led, this time with a gain of $37,155,041. But the Atchison, Topeka & Santa Fe was second with an increase of $33,763,890, followed by the Southern Pacific with a gain of $33,560,423. The Grand Trunk Western headed both gross and net decrease listings with negative gains of $1,321,264 and $2,081,334, respectively. One other road in gross and four others in net constituted the remainder of the major decreases.

The subjoined table indicates all major fluctuations, whether increases or decreases, and in both gross and net earnings for the separate roads and systems, in excess of $500,000:

PRINCIPAL CHANGES IN GROSS EARNINGS FOR THE SIX MONTHS ENDED JUNE 30, 1942

	Increase		Increase
Pennsylvania	$101,484,246	Nash. Chatt. & St. Louis	$3,075,405
Southern Pacific (2 roads)	71,603,895	Cinn. New Orl. & Tex. Pac.	3,027,233
New York Central	*58,320,064	Long Island	2,919,511
Atchison Topeka & Santa Fe	53,945,045	Spokane Portland & Seattle	2,789,871
Union Pacific	45,113,940	Pittsburgh & Lake Erie	2,721,179
Baltimore & Ohio	35,614,309	Duluth Missabe & Iron Range	2,709,765
Southern	25,811,096	New Orleans & Northeastern	2,613,615
Illinois Central	24,390,611	International Great Northern	2,535,449
Missouri Pacific	23,582,258	Central of Georgia	2,532,961
Louisville & Nashville	20,644,294	Elgin Joliet & Eastern	2,307,961
New York New Haven & Hart.	19,910,063	Florida East Coast	2,260,417
Chesapeake & Ohio	17,816,619	Colorado & Southern (2 rds.)	2,162,545
Chic. Milw. St. Paul & Pacific	17,453,859	Chic. St. P. Minn. & Omaha	1,741,073
Atlantic Coast Line	17,188,431	Louisiana & Arkansas	1,702,143
Chicago Burl. & Quincy	17,058,844	Chicago Great Western	1,665,780
Seaboard Air Line	16,918,873	Georgia	1,593,106
Great Northern	16,184,111	Wheeling & Lake Erie	1,463,058
Northern Pacific	14,261,802	Minneapolis & St. Louis	1,365,941
Erie	13,854,005	Maine Central	1,326,455
New York Chicago & St. L.	12,398,262	Chicago & Eastern Illinois	1,318,167
Chicago Rock Isl. & Pacific	12,326,081	Norfolk Southern	1,082,808
Chicago & North Western	12,313,651	Monongahela	999,656
Reading	11,220,638	Pere Marquette	920,271
Norfolk & Western	10,296,628	Illinois Terminal	805,933
St. L.-San Fran. (2 roads)	9,173,037	Western Ry. of Alabama	766,628
Boston & Maine	8,866,506	Pa.-Reading Seashore Lines	761,956
Denver & Rio Grande Western	8,314,949	Lehigh & Hudson River	718,967
Missouri-Kansas-Texas	8,079,223	Virginian	713,756
St. Louis Southwestern	7,918,640	Bessemer & Lake Erie	690,317
Lehigh Valley	7,603,989	Chicago & Illinois Midland	677,384
Wabash	7,116,208	New York Ontario & Western	658,051
Central of New Jersey	6,857,871	Clinchfield	656,844
Delaware & Hudson	6,702,941	Atlanta & West Point	583,088
Yazoo & Mississippi Valley	6,400,639	Northwestern Pacific	564,822
Kansas City Southern	6,134,801	Chic. Indianap. & Louisville	548,443
Texas & Pacific	6,127,984	Bangor & Aroostook	546,017
Western Pacific	5,891,970	Tennessee Central	513,537
Del. Lack. & Western	5,712,538		
Rich., Fredericksburg & Pot.	5,438,874	Total (87 roads)	$855,289,074
New Orl. Tex. & Mex. (3 rds.)	5,304,002		
Alton	3,971,151		Decrease
Alabama Great Southern	3,623,620	Grank Trunk Western	$1,321,264
Western Maryland	3,527,571	New York Connecting	732,450
Gulf Mobile & Ohio	3,397,741		
Minneap. St. P. Sault Ste. M.	3,383,081	Total (2 roads)	$2,053,714

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $61,041,243.

PRINCIPAL CHANGES IN NET EARNINGS FOR THE SIX MONTHS ENDED JUNE 30, 1942

	Increase		Increase
Pennsylvania	$37,155,041	Delaware & Hudson	$2,739,655
Atchison Topeka & Santa Fe	33,763,890	Texas & Pacific	2,557,550
Southern Pacific (2 roads)	33,560,423	Del. Lack. & Western	2,381,474
Union Pacific	19,506,629	Alabama Great Southern	2,292,798
New York Central	*18,852,208	Spokane Portland & Seattle	1,915,177
Missouri Pacific	13,310,824	New Orleans & Northeastern	1,658,576
Baltimore & Ohio	12,244,437	Alton	1,585,452
Southern	12,175,454	Lehigh Valley	1,583,490
New York New Haven & Hart.	10,863,222	Gulf Mobile & Ohio	1,497,117
Illinois Central	10,832,807	Florida East Coast	1,363,126
Louisville & Nashville	10,478,977	Colorado & Southern (2 rds.)	1,256,900
Chicago Burl. & Quincy	9,581,180	Western Maryland	1,201,178
Seaboard Air Line	9,472,590	Duluth Missabe & Iron Range	1,145,445
Atlantic Coast Line	9,368,434	Cinn. New Orl. & Tex. Pac.	1,128,785
Chesapeake & Ohio	8,782,159	Internatoinal Great Northern	1,089,229
Chic. Milw. St. P. & Pac.	7,049,154	Pittsburgh & Lake Erie	1,041,845
Great Northern	6,919,712	Georgia	1,012,676
New York Chic. & St. Louis	6,428,656	Central of Georgia	1,010,647
Erie	5,299,467	Minn. St. P. & Sault Ste. M.	936,315
Denver & Rio Grande Western	5,195,868	Minneapolis & St. Louis	723,112
Chicago Rock Isl. & Pacific	5,174,677	Nash. Chatt. & St. Louis	676,720
St. Louis Southwestern	4,722,743	Louisiana & Arkansas	676,698
Reading	4,573,093	Norfolk Southern	574,873
Northern Pacific	4,427,806	Wheeling & Lake Erie	563,150
Chicago & North Western	4,404,647	Monongahela	541,006
Yazoo & Mississippi Valley	4,237,494	Chicago Great Western	509,046
Norfolk & Western	4,225,876		
Wabash	3,979,842	Total (67 roads)	$377,417,098
Rich. Fredericksburg & Pot.	3,963,016		Decrease
St. L.-San Fran. (2 rds.)	3,954,540	Grand Trunk Western	$2,081,334
New Orl. Tex. & Mex. (3 rds.)	3,463,474	Bessemer & Lake Erie	1,145,351
Boston & Maine	3,410,988	Pere Marquette	1,016,884
Kansas City Southern	3,216,195	New York Connecting	795,722
Missouri-Kansas-Texas	3,172,493	Detroit Toledo & Ironton	762,873
Western Pacific	3,123,863		
Central of New Jersey	2,863,179	Total (5 roads)	$5,802,164

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $19,894,053.

Our tabulation of the Western flour and grain receipts is next in order. As stated above the Western grain movement, generally speaking, was slightly heavier than in the first six months of 1941. The aggregate grain receipts of the first half of 1942 amounted to 326,187,000 bushels in comparison with 314,885,000 bushels in 1941, an increase of 11,302,000 bushels. The grains that contributed chiefly in calculating the increase were corn and oats which showed a combined gain of 59,902,000 bushels. The wheat movement fell off considerably, showing a decrease of 18,447,000 bushels as compared with receipts of 125,742,000 bushels in 1941. Flour fluctuated slightly, gaining 231,000 barrels.

In the table following, we present the details of the Western grain movement for the six months ended June 27, 1942, as compared with the corresponding period ended June 28, 1941:

WESTERN FLOUR AND GRAIN RECEIPTS
Six Months Ended June 27

(000 omitted)	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	5,628	3,852	49,284	8,651	1,582	7,051
	1941	4,988	6,062	45,631	7,032	2,899	6,294
Minneapolis	1942	----	43,422	11,641	12,184	4,980	17,617
	1941	86	35,970	6,888	7,326	4,826	20,093
Duluth	1942	----	16,272	7,160	71	816	1,401
	1941	----	13,362	9,196	644	330	2,388
Milwaukee	1942	391	178	5,246	376	630	12,840
	1941	468	3,057	4,132	176	239	11,757
Toledo	1942	283	3,224	3,865	1,532	523	108
	1941	----	4,256	1,519	2,816	25	40
Indianapolis & Omaha	1942	----	5,912	26,292	5,617	207	34
	1941	----	7,498	17,211	2,810	245	38
St. Louis	1942	3,363	4,572	11,924	1,678	691	1,315
	1941	3,547	7,980	5,312	1,224	164	839
Peoria	1942	987	1,187	22,968	808	435	1,894
	1941	1,039	1,090	15,527	987	515	1,816
Kansas City	1942	403	20,030	17,788	1,830	----	----
	1941	669	34,803	3,715	782	----	----
St. Joseph	1942	----	1,484	2,647	1,472	----	----
	1941	----	1,174	962	900	----	----
Wichita	1942	----	5,931	21	2	----	----
	1941	----	9,757	----	----	----	10
Sioux City	1942	----	1,231	2,432	338	80	846
	1941	----	733	949	186	53	647
Detroit	1942	----	----	----	----	15	----
	1941	----	----	----	----	----	----
Total all	1942	11,058	107,295	161,268	34,559	9,959	43,106
	1941	10,827	125,742	111,042	24,883	9,296	43,922

Our final exhibit is our customary summary of the comparisons in gross and net earnings of the railroads for the first six months of each calendar year from 1942 back to and including 1909:

GROSS EARNINGS

Jan. 1 to June 30	Year Given	Year Preceding	Increase (+) or Decrease (—)	Per Cent
1909	$1,172,185,403	$1,051,853,195	+$120,332,208	+11.44
1910	1,351,570,837	1,172,481,315	— 170,089,522	—15.27
1911	1,310,580,765	1,339,539,563	— 23,958,798	— 2.16
1912	1,365,355,859	1,309,006,353	+ 56,349,506	+ 4.30
1913	1,502,472,942	1,366,304,199	+ 136,168,743	+ 9.97
1914	1,401,010,280	1,486,043,706	— 85,033,426	— 5.72
1915	1,407,465,982	1,447,464,542	— 39,998,560	— 2.76
1916	1,731,460,912	1,403,448,334	+ 328,012,578	+23.37
1917	1,946,395,684	1,741,329,277	+ 205,066,407	+11.78
1918	2,071,337,977	1,889,439,295	+ 181,848,682	+ 9.62
1919	2,339,750,126	2,074,114,256	+ 265,635,870	+12.81
1920	2,684,672,507	2,326,657,150	+ 358,015,357	+15.39
1921	2,671,369,048	2,738,845,138	— 67,476,090	— 2.46
1922	2,602,347,511	2,665,747,212	— 63,399,701	— 2.38
1923	3,086,129,793	2,605,203,228	+ 480,926,565	+18.46
1924	2,865,947,474	3,091,934,815	— 225,987,341	— 7.31
1925	2,887,608,623	2,864,512,167	+ 23,096,456	+ 0.81
1926	3,022,413,801	2,890,965,666	+ 131,448,135	+ 4.55
1927	3,011,796,048	3,020,928,478	— 9,132,430	— 0.30
1928	2,901,379,728	3,018,008,234	— 116,628,506	— 3.86
1929	3,057,560,980	2,905,912,090	+ 151,648,890	+ 5.22
1930	2,737,397,195	3,062,220,645	— 324,823,450	—10.61
1931	2,184,221,360	2,688,007,639	— 503,786,279	—18.74
1932	1,599,138,566	2,183,918,659	— 584,780,093	—26.78
1933	1,430,226,871	1,599,191,879	— 168,965,008	—10.57
1934	1,627,736,490	1,413,361,745	+ 214,374,745	+15.17
1935	1,632,996,080	1,627,736,490	+ 5,259,590	+ 0.32
1936	1,870,196,058	1,632,939,310	+ 237,256,748	+14.53
1937	2,083,250,357	1,869,614,084	+ 213,636,273	+11.43
1938	1,633,218,256	2,082,853,003	— 449,634,747	—21.59
1939	1,800,532,143	1,632,876,801	+ 167,655,342	+10.27
1940	1,991,064,110	1,800,532,143	+ 190,531,967	+10.58
1941	2,420,002,097	1,991,775,776	+ 428,226,321	+21.50
1942	3,280,758,417	2,420,002,097	+ 860,756,320	+35.57

NET EARNINGS

Jan. 1 to June 30	Year Given	Year Preceding	Increase (+) or Decrease (—)	Per Cent
1909	$371,591,341	$294,951,102	+$76,640,239	+25.98
1910	408,380,483	371,562,668	+ 36,817,815	+ 9.91
1911	378,852,053	404,569,430	— 25,717,377	— 6.36
1912	373,370,171	375,407,648	— 2,037,477	— 0.54
1913	400,242,544	373,442,875	+ 26,799,669	+ 7.18
1914	343,835,677	394,495,885	— 50,660,208	—12.84
1915	394,683,548	347,068,207	+ 47,615,341	+13.72
1916	559,376,894	393,225,507	+166,151,387	+42.25
1917	555,683,025	562,838,773	— 7,155,748	— 1.27
1918	265,705,922	540,911,505	—275,205,583	—50.88
1919	265,007,159	265,324,144	— 316,985	— 0.12
1920	195,582,649	263,029,233	— 67,446,584	—25.64
1921	310,890,365	169,082,335	+141,808,030	+83.87
1922	530,420,651	312,088,627	+218,332,024	+69.96
1923	649,131,565	531,566,924	+117,564,641	+22.12
1924	597,828,199	651,828,563	— 54,000,364	— 8.28
1925	656,663,561	597,855,833	+ 58,807,728	+ 9.84
1926	727,905,072	656,848,197	+ 71,056,875	+10.82
1927	711,888,565	727,923,568	— 16,035,003	— 2.20
1928	700,846,779	713,906,228	— 13,059,449	— 1.83
1929	817,500,221	702,553,020	+114,947,201	+16.36
1930	618,567,281	818,154,445	—199,587,164	—24.39
1931	471,189,438	618,597,371	—147,407,933	—23.83
1932	321,450,701	471,340,361	—149,889,660	—31.80
1933	352,131,926	321,452,887	+ 30,679,039	+ 9.54
1934	417,993,205	346,640,179	+ 71,353,026	+20.58
1935	376,399,748	417,993,205	— 41,593,457	— 9.95
1936	451,625,515	375,859,793	+ 75,765,722	+20.16
1937	528,201,763	451,648,720	+ 76,553,043	+16.95
1938	304,542,359	528,152,626	+223,610,267	—42.34
1939	403,103,791	304,569,136	+ 98,534,655	+32.35
1940	497,712,078	403,103,791	+ 94,608,287	+23.47
1941	745,400,656	498,179,057	+247,221,599	+49.62
1942	1,123,614,510	745,400,656	+378,213,854	+50.74

From Washington

(Continued from First Page)

The question arises, and it is one that we should like to ask the chorusing editors, why is it necessary to regiment labor, to give the Manpower Board control over it. Control for control's sake, seems to be the national cry, and amazingly enough, we can't see that it is coming either from Leftists or from the Bureaucrats. It comes from our most conservative editors

It so happens that the trouble being experienced in war production is not that of labor. It is one of the uneven flow of raw materials. It is this more than any shortage. The bureaucracy, having had complete control over the flow of raw materials and having bawled things up, our editors now say the solution is to give it complete control over labor.

On this whole business, you sometimes wonder if there are not some Leftist masterminds planting this stuff in the heads of the conservative editors under the guise of doing what is necessary to win the war. And the editors never analyze, seemingly, whether the particular proposition is necessary or not. The national editorial attitude seems to be to make as short shrift of the American people as was recently made of the eight Nazi saboteurs. If this attitude was coming from the Leftists we could understand it. But it is coming from our most Conservative and substantial people.

It has resulted in one of the most pathetic spectacles that this writer has ever seen. For several weeks we have had the picture of Donald Nelson, instead of devoting his time to trying to straighten out the mess in which our economy has been placed, war or civilian, working to convince the Washington correspondents that he was really a very strong man. His antics trying to convince the correspondents of this would have been funny had they not been so serious. For the benefit of the correspondents he has smoked his pipe at all angles imaginable, he has banged his fist upon the table, he has insisted he was the boss.

For three weeks hand-running we had the spectacle of his insisting that he was the boss of General Somervell and the Army "brass hats," the latter term being his own. Never in this period did the General or the "brass hats" say anything and the casual reader must have wondered who in the name of goodness Donald was fighting with. But apparently he thought it necessary to insist that he was whipping an adversary, imagined or real, to prove that he was a strong man. In the end he was pleading with the correspondents that there was really no friction between them.

Of course, Donald is not the strong man type. He never got to the head of Sears, Roebuck as a strong man. He got there by plugging away over many, many years and keeping his mouth shut. Indeed, the most characteristic story we ever heard about him was that one time he suggested to his fellow executives that they should lay in a stock of particular goods because a shortage was in the offing. The executives voted him down because it involved quite an outlay of money. Donald never said anything, never expressed any disappointment, just sat there with his wide eyes. As the days passed his fellow executives would drop in on him and explain that, of course, there was nothing personal in their decision and seek to draw him out again. But he would just sit and look at them. This finally unnerved his colleagues, they thought he must have some dark secret which he wouldn't tell. It finally got the best of them and they turned around and reversed themselves.

A quiet patience was considered to be his chief asset. Frankly he was considered to be one of those men who kept such a close mouth that you never knew whether he had any sense or not. But under the pressure of Washington publicity, under the demands that he be a strong man, he sought to change character. His process of shifting from the Donald Nelson which brought him success with Sears, Roebuck to that of a strong man, has been one of the most fascinating sights this writer has ever seen.

The question again arises as to why our editors keep insisting upon strong men in Washington, keep insisting that they be men who will do something to us every day. We are up against the amazing situation of our editors insisting every day that the Washington bureaucrats do something to us. They are having an awful hard time with Donald because it is just not his nature. About the worst we can expect from him is to bang his fist upon the table and declare what a strong man he is. But some of the rest of the crowd don't need any suggestions as how to be strong at all.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Aug. 25	117.89	107.09	117.00	113.31	108.16	92.20	96.54	111.62	114.08
24	117.93	107.09	117.00	113.31	108.16	92.06	96.54	111.62	114.03
22	117.93	107.09	117.00	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
20	117.94	106.92	116.61	113.31	108.16	92.06	96.38	111.44	114.08
19	117.93	106.92	116.61	113.31	108.16	92.06	96.38	111.44	114.08
18	117.88	106.92	116.80	113.31	108.16	91.91	96.38	111.44	114.08
17	117.88	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
15	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
13	117.97	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.27
12	117.96	106.92	116.80	113.31	108.34	91.91	96.23	111.44	114.27
11	117.97	106.92	116.80	113.31	108.34	91.91	96.23	111.44	114.27
10	117.97	106.92	116.80	113.31	108.34	91.91	96.23	111.62	114.27
8	117.97	107.09	116.80	113.31	108.34	92.06	96.23	111.44	114.27
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
6	117.89	106.92	116.61	113.31	108.16	91.91	96.23	111.44	114.27
5	117.86	106.92	116.61	113.31	108.16	91.91	96.23	111.44	114.27
4	117.90	106.92	116.61	113.31	108.16	91.77	96.07	111.44	114.27
3	118.03	106.92	116.61	113.31	108.16	91.77	95.92	111.44	114.27
1	118.10	106.92	116.61	113.31	108.16	91.77	96.07	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
19	118.33	106.39	116.22	112.93	107.62	91.19	95.47	110.88	113.89
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.44	117.00	114.08	108.34	92.50	97.47	111.62	114.46
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Aug. 25, 1941	118.79	107.62	118.20	114.66	103.70	91.91	97.16	112.00	115.04
2 Years ago									
Aug. 24, 1940	115.63	103.30	116.22	112.56	103.30	85.33	91.48	109.06	111.07

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corpo-rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Aug. 25	3.33	2.80	2.99	3.27	4.26	3.97	3.08	2.95
24	3.33	2.80	2.99	3.27	4.27	3.97	3.08	2.95
22	3.33	2.80	2.99	3.27	4.27	3.97	3.03	2.95
21	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
20	3.34	2.82	2.99	3.27	4.27	3.98	3.09	2.95
19	3.34	2.82	2.99	3.27	4.27	3.98	3.09	2.95
18	3.34	2.81	2.99	3.27	4.28	3.98	3.09	2.95
17	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
15	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
14	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
13	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.94
12	3.34	2.81	2.99	3.26	4.28	3.99	3.09	2.94
11	3.34	2.81	2.99	3.26	4.28	3.99	3.09	2.94
10	3.34	2.81	2.99	3.26	4.28	3.99	3.08	2.94
8	3.33	2.81	2.99	3.26	4.27	3.99	3.09	2.94
7	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
6	3.34	2.82	2.99	3.27	4.28	3.99	3.09	2.94
5	3.34	2.82	2.99	3.27	4.28	3.99	3.09	2.94
4	3.34	2.82	2.99	3.27	4.29	4.00	3.09	2.94
3	3.34	2.82	2.99	3.27	4.29	4.01	3.09	2.94
1	3.34	2.82	2.99	3.27	4.29	4.00	3.09	2.94
July 31	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	3.31	2.80	2.95	3.26	4.24	3.91	3.08	2.93
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago								
Aug. 25, 1941	3.30	2.74	2.92	3.24	4.28	3.93	3.06	2.90
2 Years ago								
Aug. 24, 1940	3.55	2.84	3.03	3.55	4.76	4.31	3.22	3.11

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409

National Fertilizer Association Price Index Continues To Advance

The wholesale commodity price level was again higher last week, according to the price index compiled by The National Fertilizer Association, and made public Aug. 24. This index in the week ended Aug. 22 rose to 129.0 from 128.6 in the preceding week. It was 128.9 a month ago and 114.7 a year ago, based on the 1935-1939 average as 100. The Association further reported as follows:

With few exceptions, most price changes occurred in the food and farm products groups. The food price index rose substantially during the week, with 11 important items included in the group advancing and none declining. In the farm product group price increases for cotton, wheat, rye, eggs, fluid milk, and sheep more than offset decreases in corn, oats, and barley. Prices in the textile group recovered a portion of a drop which occurred in the former week. The only group average to register a decline was the miscellaneous commodities index, which fell off slightly, due to lower cattle feed prices.

During the week prices of 17 commodities advanced and 8 declined; in the preceding week there were 16 advances and 13 declines; in the second preceding week there were 18 advances and 11 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week Aug. 22 1942	Preceding Week Aug. 15 1942	Month Ago July 18 1942	Year Ago Aug. 23 1941
25.3	Foods	129.7	128.5	125.9	111.2
	Fats and Oils	141.2	140.3	137.6	119.0
	Cottonseed Oil	158.4	158.4	159.6	139.0
23.0	Farm Products	140.2	139.4	137.9	116.6
	Cotton	178.0	174.6	185.9	152.6
	Grains	112.2	112.5	111.5	103.3
	Livestock	140.9	140.1	135.6	112.9
17.3	Fuels	118.8	r118.8	125.2	111.3
10.8	Miscellaneous commodities	126.8	127.0	127.6	122.7
8.2	Textiles	147.4	146.9	148.5	136.4
7.1	Metals	104.4	104.4	104.4	103.8
6.1	Building materials	151.5	151.5	151.6	120.5
1.3	Chemicals and drugs	120.7	120.7	120.7	106.3
.3	Fertilizer materials	117.8	117.8	117.8	112.7
.3	Fertilizers	115.3	115.3	115.3	107.1
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	129.0	r128.6	128.9	114.7

*Indexes on 1926-1928 base were: Aug. 22, 1942, 100.5; Aug. 15, 100.4; Aug. 23, 1941, 89.4. r Revised.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that production of soft coal in the week ended Aug. 15 again passed the 11,000,000-ton mark, after a slight decline in the preceding week, the total output being estimated at 11,150,000 net tons. This is in comparison with 10,983,000 tons in the corresponding period of 1941. Total production of soft coal in 1942 to date shows an increase of 19.6% over the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Aug. 15 was estimated at 1,261,000 tons, an increase of 34,000 tons (2.8%) over the preceding week. When compared with the output in the corresponding week of 1941, there was an increase of 43,000 tons or 3.5%. The calendar year to date shows a gain of 8.0% when compared with the same period last year.

The U. S. Bureau of Mines also reported that the estimated producton of by-product coke in the United States for the week ended Aug. 15 showed an increase of 12,200 tons when compared with the output for the week ended Aug. 8. The quantity of coke from beehive ovens decreased 14,000 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)
(Data for Pennsylvania anthracite from Weekly Anthracite and Beehive Coke Report of the Bureau of Mines; data for crude petroleum computed from weekly statistics of American Petroleum Institute.)

Bituminous and lignite coal—	Week Ended †Aug. 15, 1942	Aug. 8, 1942	Aug. 16, 1941	January 1 to Date Aug. 15, 1942	Aug. 16, 1941	Aug. 14, 1937
Total, incl. mine fuel	11,150	10,940	10,983	355,498	297,142	271,906
Daily average	1,858	1,823	1,831	1,865	1,566	1,428
*Crude Petroleum—						
Coal equivalent of weekly output	6,237	6,360	6,333	200,774	193,556	177,964

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, 1939, page 702). †Subject to revision.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

Penn anthracite—	Week Ended §Aug. 15, 1942	Aug. 8, 1942	Aug. 16, 1941	Calendar Year to Date §Aug. 15, 1942	Aug. 16, 1941	Aug. 17, 1929
*Total, incl. colliery fuel	1,261,000	1,227,000	1,218,000	37,381,000	34,625,000	42,958,000
†Commercial production	1,198,000	1,166,000	1,157,000	35,512,000	32,394,000	39,865,000
Beehive coke—						
United States total	136,200	150,200	145,900	4,908,200	3,898,800	4,344,100
By-product coke—						
United States total	1,214,400	1,202,200	‡	38,236,500	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Aug. 8, 1942	Aug. 1, 1942	Aug. 9, 1941	Aug. 10, 1940	Aug. 7, 1937	August avge. ¶1923
Alaska	5	5	6	4	2	**
Alabama	380	378	329	288	253	397
Arkansas and Oklahoma	84	90	79	51	59	81
Colorado	144	134	111	91	90	173
Georgia and North Carolina	††	1	††	††	††	**
Illinois	1,102	1,124	1,025	807	634	1,363
Indiana	458	470	394	307	235	440
Iowa	40	43	38	46	37	100
Kansas and Missouri	162	159	131	92	92	145
Kentucky—Eastern	923	964	916	801	667	765
Kentucky—Western	221	223	207	148	122	217
Maryland	37	36	38	26	27	44
Michigan	4	6	††	7	7	21
Montana (bituminous and lignite)	78	63	49	43	42	50
New Mexico	33	33	21	17	28	49
North and South Dakota (lignite)	25	24	21	16	19	**20
Ohio	683	677	638	466	346	871
Pennsylvania (bituminous)	2,696	2,728	2,767	2,328	2,015	3,734
Tennessee	133	133	130	116	96	118
Texas (bituminous and lignite)	6	6	7	9	19	24
Utah	111	111	84	73	46	83
Virginia	402	403	388	303	272	248
Washington	38	39	36	26	30	47
*West Virginia—Southern	2,180	2,306	2,318	1,910	1,764	1,515
†West Virginia—Northern	855	913	856	618	481	875
Wyoming	140	130	110	92	95	154
‡Other Western States	††	1	††	††	††	4
Total bituminous and lignite	10,940	11,200	10,699	8,685	7,478	11,538
§Pennsylvania anthracite	1,227	1,251	1,335	834	511	1,926
Total, all coal	12,167	12,451	12,034	9,519	7,989	13,464

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

To Rebuild London On Decentralization Plan

A master-plan for the post-war rebuilding of London on a completely new pattern has been prepared by the Modern Architectural Research Group, according to Herbert U. Nelson, Executive Vice-President of the National Association of Real Estate Boards. The plan even in the blueprint stage, it is indicated, will be profoundly interesting to American city-builders because, said Mr. Nelson, it is the first detailed proposal for the planned de-aggregation of a great metropolitan city to be advanced to meet a practical situation in which such a new pattern could be applied. Mr. Nelson further stated:

"London rose substantially on its old foundations after its great catastrophe, the fire of 1666. Instead of doing that again, the new master-plan proposes to substitute for the old network of small streets and for the city's inner suburban arrangement a series af parallel self-contained urban units extending in a north and south direction from the Thames, business sections and industries grouped in a pleasant and convenient relationship. The plan calls for each city-within-a-city to be approximately half a mile wide and 15 miles long.

"Intervening spaces a half-mile wide are proposed. The parallel urban units and the wide intervening spaces would be traversed by traffic arteries, with industrial, commercial and civic activities grouped near the main arteries. Dwellings would be served by secondary arteries.

"Reports to the Urban Land Institute point out that a basic purpose of the plan is to decrease the population density of the area within a 15-mile radius of the center of London. In this area 900,000 houses were built in the 20 years preceding the war.

"This would be planned decentralization, not destructive decentralization. If the plan can be followed, London may take the lead in breaking up the amorphic quality which has come to be the curse of our great cities and may be able to reintroduce the human qualities of neighborhood life while retaining the advantages possible only to a metropolis."

Treasury To Pay Off Two Maturing Issues In Cash

Secretary of the Treasury Morgenthau announced on Aug. 24 that the Treasury will pay off in cash on maturity $662,000,000 principal amount of Treasury and Reconstruction Finance Corporation notes due in September and October and also that there will be "new money" financing.

The issues are $342,000,000 of 2% Treasury notes, maturing on Sept. 15, and $320,000,000 of RFC ⅞% notes, maturing on Oct. 15.

The Secretary also told his press conference that the $815,000,000 August war bond quota will not be met and added that this did not bring the prospect of forced purchase of bonds any nearer. He further said that the quota system for the States would continue for the time being. Mr. Morgenthau pointed out that only one-sixth of the Treasury's "new money" needs was realized from the sale of war bonds.

Moody's Daily Commodity Index

Tuesday, Aug. 18	230.4
Wednesday, Aug. 19	231.1
Thursday, Aug. 20	231.1
Friday, Aug. 21	231.3
Saturday, Aug. 22	230.7
Monday, Aug. 24	230.5
Tuesday, Aug. 25	231.2
Two weeks ago, Aug. 11	230.3
Month ago, July 25	231.5
Year ago, Aug. 25	212.6
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

Daily Average Crude Oil Production For Week Ended Aug. 15, 1942 Off 77,000 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Aug. 15, 1942 was 3,893,450 barrels, a decrease of 77,000 barrels per day from the preceding week and 59,850 barrels per day less than in the corresponding week of last year. The current figure also was 145,050 barrels below the daily average figure for the month of August, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Aug. 15, 1942 averaged 3,734,400 barrels. Further details as reported by the American Petroleum Institute follow:

Reports received from refining companies owning 85.6% of the 4,800,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,711,000 barrels of crude oil daily during the week ended Aug. 15, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 80,708,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,125,000 barrels during the week ended Aug. 15, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations August	*State Allowables Beginning Aug. 1	—Actual Production— Week Ended Aug. 15 1942	Change From Previous Week	4 Weeks Ended Aug. 15 1942	Week Ended Aug. 16 1941
Oklahoma	415,500	415,500	†376,750	— 12,450	382,100	416,950
Kansas	281,900	281,900	†290,750	+ 34,500	277,700	250,700
Nebraska	4,100	------	†3,400	— 150	3,500	6,600
Panhandle Texas			94,750	— 5,250	86,350	80,250
North Texas			138,850	— 250	139,050	131,250
West Texas			221,650	— 26,200	204,800	271,550
East Central Texas			54,900	+ 3,350	87,100	84,100
East Texas			360,300	— 59,700	322,850	369,850
Southwest Texas			182,000	— 2,650	155,250	218,850
Coastal Texas			291,300	— 9,650	254,400	290,050
Total Texas	‡1,396,700	‡1,388,021	1,383,750	—100,350	1,249,800	1,445,900
North Louisiana			96,850	— 350	96,350	72,700
Coastal Louisiana			235,750	+ 1,050	233,500	250,200
Total Louisiana	332,600	350,600	332,600	+ 700	329,850	322,900
Arkansas	81,600	72,072	72,550	----	72,500	74,200
Mississippi	50,000		†77,700	+ 2,500	77,700	49,600
Illinois	289,300		255,000	— 26,650	269,850	365,550
Indiana	20,600		†16,950	— 2,100	18,050	18,700
Eastern (not includ. Ill. & Ind.)	110,000		97,250	+ 4,850	95,850	90,450
Michigan	66,800		63,100	+ 700	62,050	42,950
Wyoming	95,000		87,700	— 4,200	90,350	80,850
Montana	22,700		23,200	— 50	22,450	20,300
Colorado	7,200		6,700	+ 100	6,700	3,800
New Mexico	97,300	97,300	73,450	+ 2,800	71,350	109,750
Total East of Calif.	3,271,300		3,160,850	— 99,800	3,029,800	3,299,200
California	767,200	§767,200	732,600	+ 22,800	704,600	654,100
Total United States	4,038,500		3,893,450	— 77,000	3,734,400	3,953,300

*O. P. C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in May, 1942, as follows: Oklahoma, 28,100; Kansas, 4,600; Texas, 97,500; Louisiana, 17,900; Arkansas, 2,700; New Mexico, 5,200; California, 40,000; other States, 20,700.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Aug. 12.

‡As provided for in the original order of the Texas Railroad Commission, this is the net basic allowable as of Aug. 1 calculated on a 31-day basis and including shutdowns and exemptions for the entire month. Shutdown was ordered for Aug. 8, 9, 15, 16, 22, 23, 29, 30 and 31. A revised order was issued, effective Aug. 8, increasing the allowable to approximately 1,482,433 barrels and lifting the shutdowns in certain fields for Aug. 8, 22, 23, 29, 30 and 31.

§Recommendation of Conservation Committee of California Oil Producers.

¶Later press reports indicate that this figure was revised upward to approximately 1,456,700.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED AUG. 15, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

	Daily Refining Capacity		Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——					
District—	Potential Rate	% Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,670	68.4	5,011	38,589	20,143	17,714
Appalachian	176	84.8	164	93.4	426	2,830	556	546
Ind., Ill., Ky.	804	83.3	740	92.0	2,618	14,814	5,261	3,846
Okla., Kansas, Mo.	416	80.1	365	87.7	1,203	6,725	1,662	1,315
Rocky Mountain	147	48.0	89	60.5	289	2,047	424	553
California	817	89.9	683	83.6	1,578	15,703	11,995	53,448
Tot. U. S. B. of M. basis, Ang. 15, 1942	4,800	85.6	3,711	77.3	11,125	†80,708	40,041	77,422
Tot. U. S. B. of M. basis, Aug. 8, 1942	4,800	85.6	3,561	74.2	11,155	§81,277	39,024	78,575
U. S. Bur. of Mines basis, Aug. 16, 1941			3,990	----	12,924	82,312	45,368	93,365

*At the request of the Office of Petroleum Coordinator.

†Finished, 72,446,000 barrels; unfinished, 8,262,000 barrels.

‡At refineries, at bulk terminals, in transit, and in pipe lines.

§Revised downward in Appalachian 147,000 barrels; upward in combined area 109,000 barrels; U. S. total finished 73,334,000 barrels; unfinished 7,943,000 barrels.

Engineering Construction Almost Triple 1941 Week's Volume

Engineering construction volume for the week totals $230,706,000, almost triple the total reported for the corresponding 1941 week, and 15% higher than a week ago, according to "Engineering News-Record." Public work climbs 261% above the week last year, and is 18% higher than in the preceding week. Private construction, however, is 64% lower than a year ago, and 40% under a week ago. Federal work, which is the factor responsible for the public gain, is 375% above the 1941 week, and 19% above last week.

The report released by the "Engineering News-Record" on Aug. 20, added:

The current week's volume brings 1942 construction to $6,702,099,000, an increase of 59% over the total for the 34-week period last year. Private construction for the period, $429,093,000, is 51% below last year, but public work, $6,273,006,000, is 88% higher than a year ago as a result of the 138% gain in Federal construction.

Construction volumes for the 1941 week, last week, and the current week are:

	Aug. 21, 1941	Aug. 13, 1942	Aug. 20, 1942
Total Construction	$80,161,000	$200,600,000	$230,706,000
Private Construction	18,040,000	10,889,000	6,482,000
Public Construction	62,121,000	189,711,000	224,224,000
State and Municipal	16,522,000	6,744,000	7,184,000
Federal	45,599,000	182,967,000	217,040,000

In the classified construction groups, gains over the 1941 week are in waterworks, sewerage, public buildings, streets and roads, and unclassified construction. Increases over last week's totals are in waterworks, bridges, public buildings, streets and roads, and unclassified construction. Subtotals for the week in each class of work are: waterworks, $7,690,000; sewerage, $3,733,000; bridges, $737,000; industrial buildings, $1,531,000; commercial building and large-scale private housing, $4,851,000; public buildings, $125,357,000; earthworth and drainage, $3,357,000; streets and roads, $13,135,000; and unclassified construction, $70,315,000.

New capital for construction purposes for the week totals $8,126,000, a gain of 95%, compared with the $4,179,000 reported for the 1941 week. The current week's new financing is made up of $7,651,000 in State and municipal bond sales, and $475,000 in corporate security issues.

New construction financing for the year to date, $9,517,774,000, is 77% higher than the total for the 34-week period last year.

July Department Store Sales In New York Federal Reserve District 1% Above Year Ago

The Federal Reserve Bank of New York announced on Aug. 18 that July sales of department stores in the Second (New York) Federal Reserve District increased 1% above a year ago. The combined sales for January through July are 10% higher than in the same period last year. Stocks of merchandise on hand in department stores at the end of July were 82% above July, 1941.

The apparel stores in the New York Reserve District reported a loss of 2% in net sales in July. Their stocks on hand at the close of the month were 60% above last year.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES—JULY, 1942
Second Federal Reserve District

	Percentage Changes from a Year Ago —Net Sales—		
Department Stores—	July	January through July	Stock on Hand End of Month
New York City	+ 1	+ 9	+ 88
Northern New Jersey	+ 1	+ 8	+ 87
Newark	+ 6	+ 10	+ 89
Westchester and Fairfield Counties	— 2	+ 14	+ 52
Bridgeport	— 1	+ 17	+ 72
Lower Hudson River Valley	— 6	+ 5	+ 32
Poughkeepsie	+ 2	+ 9	--
Upper Hudson River Valley	—12	+ 2	+ 44
Albany	—21	— 4	--
Central New York State	+ 2	+ 13	+ 80
Mohawk River Valley	+ 9	+ 25	+ 115
Syracuse	— 1	+ 9	+ 70
Northern New York State	—17	— 6	--
*Southern New York State	— 6	+ 11	+ 54
Binghamton	—13	+ 8	--
Elmira	+ 6	+ 17	--
Western New York State	+ 9	+ 15	+ 65
Buffalo	+ 10	+ 18	+ 63
Niagara Falls	+ 34	+ 36	+ 34
Rochester	+ 8	+ 11	+ 74
*All department stores	+ 1	+ 10	+ 82
Apparel stores	— 2	+ 11	+ 60

*Subject to possible revision.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
Second Federal Reserve District
[1923-25 average = 100]

	1941	——1942——		
	July	May	June	July
Sales (average daily), unadjusted	81	99	92	81
Sales (average daily), seasonally adjusted	114	103	96	114
Stocks, unadjusted	†84	160	158	156
Stocks, seasonally adjusted	†96	156	167	180

†Revised.

Non-Ferrous Metals—August Needs For Copper And Zinc Satisfied—Lead Bookings Good

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Aug. 20 stated: "Except for new ceiling prices on secondary aluminum, and brass and bronze ingots, the price situation in non-ferrous metals during the last week was unchanged. In both instances, the adjustments made were downward to bring prices more in line with those named on virgin material. Lead sales again were in good volume. Washington reports on the copper outlook remain badly muddled. Trade authorities here know of no instances where fabricators engaged in essential war work have not been able to obtain copper to cover their needs. August allotments of copper and zinc were taken care of ahead of time." The publication further went on to say in part:

Copper

September allocation certificates for copper are expected in the trade late this week or early next week. Demand continues high, yet the industry does not doubt its ability to take care of essential business. Domestic consumers are obtaining electrolytic copper on the basis of 12¢, Valley, and foreign copper is moving into the country on the basis of 11.75¢, f.a.s. United States ports.

Though mine output of copper in the United States has been moving upward since the beginning of the year (statistics are no longer available for publication), the problem of further increasing production is tied in with the labor situation. According to a statement issued by the Office of War Information on Aug. 13, copper authorities believe domestic production could have been some 5,000 tons higher in July "if sufficient labor had been available at the mines." Members of the copper industry advisory committee were told that it was the intention of Selective Service to defer individuals engaged in copper mining who are found to be essential to production.

Lead

Producers estimate that consumers of lead have covered their August requirements to the extent of at least 90%, with September at 50%. Actual consumption of lead in the United States is estimated at between 55,000 and 60,000 tons a month.

Business booked during the last week was in good volume, considering prevailing conditions limiting the use of the metal. Quotations continued on the basis of 6.50¢, New York, and 6.35¢, St. Louis. Chemical lead sold in the St. Louis market at 6.40¢.

The War Production Board announced last week that orange mineral (lead oxide) may be used as pigment in printing ink without restriction.

Zinc

August allotments of zinc have been about cleaned up by producers, and September authorizations are expected to open up in the next week. The price situation was unchanged, Prime Western continuing on the basis of 8¼¢, East St. Louis. High Grade commands the usual premium.

The premium-price plan to stimulate production of zinc concentrate in the Tri-State area is being reviewed by Government officials. To maintain output at some properties quotas may have to be revised. Walter C. Page, a member of the quota committee, indicated that the Government was planning on a long war, and interest now centers in increasing production of critical materials.

Tin

Mrs. Guy P. Trulock has been named head of the Tin and Salvage Committee of New York, succeeding N. M. Ohrbach.

Quotations were unchanged. Straits quality tin for future delivery was nominally as follows:

	Aug.	Sept.	Oct.
Aug. 13	52.000	52.000	52.000
Aug. 14	52.000	52.000	52.000
Aug. 15	52.000	52.000	52.000
Aug. 17	52.000	52.000	52.000
Aug. 18	52.000	52.000	52.000
Aug. 19	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125¢ all week.

Quicksilver

Sellers report the market for quicksilver as unchanged, quotations in New York ranging from $194.43 to $198.08 per flask.

The Department of Munitions and Supply, Ottawa, reports that since the war began Canada has developed a quicksilver deposit in British Columbia that is the only large one of its kind in the British Empire. By the middle of 1942, this mine was producing enough to satisfy all Canadian war and essential requirements, and, in addition, furnished metal for exportation to the United States and the United Kingdom.

Silver

During the past week the silver market in London has been quiet, with the price unchanged at 23½¢. The New York Official and the U. S. Treasury prices are also unchanged at 35⅛¢ and 35¢, respectively.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Revenue Freight Car Loadings During Week Ended Aug. 15, 1942 Totaled 868,845 Cars

Loading of revenue freight for the week ended Aug. 15, totaled 868,845 cars, the Association of American Railroads announced on Aug. 20. This was a decrease below the corresponding week in 1941 of 21,492 cars or 2.4%, but an increase above the same week of 1940 of 125,795 cars or 16.9%.

Loading of revenue freight for the week of Aug. 15 incresaed 19,093 cars or 2.2% above the preecding week.

Miscellaneous freight loading totaled 396,928 cars, an increase of 9,802 cars above the preceding week, and an increase of 28,545 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 89,988 cars, an increase of 937 cars above the preceding week, but a decrease of 66,281 cars below the corresponding week in 1941.

Coal loading amounted to 167,045 cars, an increase of 3,605 cars above the preceding week, but a decrease of 698 cars below the corresponding week in 1941.

Grain and grain products loading totaled 44,684 cars, an increase of 2,558 cars above the preceding week, and an increase of 309 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Aug. 15 totaled 30,577 cars, an increase of 2,927 cars above the preceding week, but a decrease of 578 cars below the corresponding week in 1941.

Live stock loading amounted to 13,479 cars, an increase of 1,481 cars above the preceding week, and an increase of 2,549 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Aug. 15 totaled 9,996 cars, an increase of 1,251 cars above the preceding week, and an increase of 2,029 cars above the corresponding week in 1941.

Forest products loading totaled 54,597 cars, an increase of 1,514 cars above the preceding week, and an increase of 4,245 cars above the corresponding week in 1941.

Ore loading amounted to 88,424 cars, a decrease of 628 cars below the preceding week, but an increase of 9,590 cars above the corresponding week in 1941.

Coke loading amounted to 13,700 cars, a decrease of 176 cars below the preceding week, but an increase of 249 cars above the corresponding week in 1941.

All districts reported decreases compared with the correspondink week in 1941 except the Southwestern, but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
Week of Aug. 1	863,528	883,022	717,927
Week of Aug. 8	849,752	878,505	727,073
Week of Aug. 15	868,845	890,337	743,050
Total	26,963,698	25,915,031	21,925,035

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 15, 1942. *During this period only 50 roads showed increases when compared with the corresponding week last year.*

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED AUG. 15

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	338	582	612	1,297	1,456
Bangor & Aroostook	836	981	796	163	229
Boston & Maine	6,052	8,789	7,024	13,811	13,142
Chicago, Indianapolis & Louisville	1,534	1,549	1,414	2,009	2,417
Central Indiana	26	18	13	69	59
Central Vermont	965	1,501	1,240	2,403	2,379
Delaware & Hudson	6,399	7,315	5,609	11,058	10,592
Delaware, Lackawanna & Western	7,540	10,315	8,645	10,740	8,574
Detroit & Mackinac	329	324	409	130	106
Detroit, Toledo & Ironton	1,702	2,147	1,721	1,282	1,183
Detroit & Toledo Shore Line	319	316	273	2,768	3,724
Erie	12,704	16,005	13,252	16,037	15,566
Grand Trunk Western	4,269	4,745	3,798	8,102	8,732
Lehigh & Hudson River	186	171	153	3,268	2,706
Lehigh & New England	2,130	2,410	1,969	2,202	2,237
Lehigh Valley	9,205	9,941	8,471	14,334	9,878
Maine Central	2,264	3,293	2,656	2,281	2,508
Monongahela	6,173	6,435	5,264	353	362
Montour	2,365	2,534	2,268	40	50
New York Central Lines	48,364	51,156	42,092	54,611	51,987
N. Y., N. H. & Hartford	9,600	12,064	9,555	19,773	16,369
New York, Ontario & Western	1,149	1,227	1,241	2,507	2,303
New York, Chicago & St. Louis	8,094	6,863	5,681	15,747	13,631
N. Y., Susquehanna & Western	188	558	375	1,290	1,621
Pittsburgh & Lake Erie	8,280	8,521	7,203	8,730	9,993
Pere Marquette	5,247	5,596	5,430	6,331	6,313
Pittsburgh & Shawmut	774	665	837	12	34
Pittsburgh, Shawmut & North	390	479	380	253	414
Pittsburgh & West Virginia	1,195	1,192	1,110	3,593	2,142
Rutland	366	575	638	932	1,194
Wabash	6,017	6,372	5,207	12,903	10,221
Wheeling & Lake Erie	6,324	5,503	4,712	5,061	4,367
Total	161,324	180,142	150,048	224,090	206,489
Allegheny District—					
Akron, Canton & Youngstown	658	827	536	1,042	1,192
Baltimore & Ohio	41,777	41,861	33,607	25,845	22,547
Bessemer & Lake Erie	7,014	5,844	6,318	2,858	2,300
Buffalo Creek & Gauley	271	300	286	3	7
Cambria & Indiana	1,978	1,935	1,583	17	15
Central R. R. of New Jersey	7,099	8,038	6,454	20,060	16,355
Cornwall	612	666	676	40	74
Cumberland & Pennsylvania	266	270	285	15	35
Ligonier Valley	137	138	96	36	45
Long Island	855	1,071	795	3,109	3,162
Penn-Reading Seashore Lines	1,932	2,036	1,535	2,311	2,154
Pennsylvania System	82,940	90,174	69,582	65,540	56,716
Reading Co.	14,425	17,147	14,311	28,902	23,046
Union (Pittsburgh)	20,795	19,718	19,240	7,847	5,813
Western Maryland	4,200	4,172	3,570	13,628	8,499
Total	184,959	194,197	158,874	171,253	141,960
Pocahontas District—					
Chesapeake & Ohio	28,922	29,970	25,787	12,446	12,727
Norfolk & Western	22,865	25,089	20,664	6,524	6,185
Virginian	4,646	5,084	4,361	2,373	1,934
Total	56,433	60,143	50,812	21,343	20,946
Southern District—					
Alabama, Tennessee & Northern	350	421	248	374	278
Atl. & W. P.—W. R. R. of Ala.	667	816	694	2,920	1,695
Atlanta, Birmingham & Coast	921	928	836	1,085	1,049
Atlantic Coast Line	11,100	10,941	8,346	9,576	6,365
Central of Georgia	3,738	4,577	3,755	4,158	3,853
Charleston & Western Carolina	318	455	363	1,551	1,657
Clinchfield	1,745	1,871	1,160	2,581	2,432
Columbus & Greenville	464	271	151	216	349
Durham & Southern	107	170	133	745	469
Florida East Coast	906	430	425	1,511	822
Gainesville Midland	48	38	21	71	134
Georgia	1,337	1,196	903	2,599	1,945
Georgia & Florida	692	715	615	641	584
Gulf, Mobile & Ohio	4,415	4,031	2,858	4,879	3,273
Illinois Central System	26,988	25,626	19,802	17,645	14,090
Louisville & Nashville	25,597	26,330	23,340	10,609	7,952
Macon, Dublin & Savannah	188	215	116	636	781
Mississippi Central	186	175	132	615	376
Nashville, Chattanooga & St. L.	3,166	3,542	2,772	4,409	3,099
Norfolk Southern	957	1,177	870	2,077	1,401
Piedmont Northern	301	495	378	1,163	1,350
Richmond, Fred. & Potomac	434	441	390	7,915	5,396
Seaboard Air Line	9,843	10,443	7,822	8,039	6,463
Southern System	23,896	24,733	20,544	22,757	19,167
Tennessee Central	580	549	446	921	714
Winston-Salem Southbound	104	152	150	962	1,080
Total	119,048	120,738	97,270	110,655	86,774
Northwestern District—					
Chicago & North Western	23,151	23,165	19,769	13,545	12,859
Chicago Great Western	2,248	2,882	2,458	3,391	3,276
Chicago, Milw., St. P. & Pac.	20,886	24,127	20,587	10,339	10,176
Chicago, St. Paul, Minn. & Omaha	4,112	4,367	3,963	4,293	4,717
Duluth, Missabe & Iron Range	29,496	26,761	21,311	313	254
Duluth, South Shore & Atlantic	1,458	1,654	1,101	825	594
Elgin, Joliet & Eastern	10,013	10,517	9,283	10,119	9,337
Ft. Dodge, Des Moines & South	561	538	514	149	166
Great Northern	28,776	27,072	26,358	5,383	4,458
Green Bay & Western	497	574	509	770	747
Lake Superior & Ishpeming	1,916	3,229	2,918	47	87
Minneapolis & St. Louis	2,475	2,315	2,249	2,217	2,210
Minn., St. Paul & S. S. M.	7,296	8,047	7,891	3,225	3,385
Northern Pacific	11,637	11,874	11,411	4,873	5,097
Spokane International	242	274	354	685	429
Spokane, Portland & Seattle	2,755	3,087	2,016	2,991	2,447
Total	147,519	150,483	132,692	63,165	60,239
Central Western District—					
Atch., Top. & Santa Fe System	22,407	22,331	18,195	11,643	8,331
Alton	3,640	3,346	2,953	4,657	2,871
Bingham & Garfield	586	585	505	94	68
Chicago, Burlington & Quincy	19,855	18,497	14,286	11,359	10,586
Chicago & Illinois Midland	2,487	2,940	1,981	942	954
Chicago, Rock Island & Pacific	12,417	13,617	11,477	11,299	10,362
Chicago & Eastern Illinois	2,492	2,829	2,360	4,167	2,932
Colorado & Southern	855	850	715	1,822	1,641
Denver & Rio Grande Western	4,072	3,823	3,966	5,771	3,073
Denver & Salt Lake	666	682	801	35	40
Fort Worth & Denver City	1,313	1,136	969	1,457	1,106
Illinois Terminal	1,755	2,102	1,815	2,892	2,051
Missouri-Illinois	1,315	1,089	905	426	784
Nevada Northern	2,037	1,923	1,893	126	131
North Western Pacific	1,233	1,355	1,044	684	656
Peoria & Pekin Union	17	24	13	0	0
Southern Pacific (Pacific)	31,111	31,148	25,727	10,273	7,162
Toledo, Peoria & Western	343	333	279	1,808	1,521
Union Pacific System	15,985	16,828	15,258	15,030	11,268
Utah	624	503	442	5	10
Western Pacific	2,358	2,073	2,027	4,072	2,947
Total	127,568	128,014	107,611	88,562	68,494
Southwestern District—					
Burlington-Rock Island	945	176	165	141	171
Gulf Coast Lines	4,666	3,133	2,997	2,326	1,970
International-Great Northern	3,029	2,166	1,685	2,721	2,390
Kansas, Oklahoma & Gulf	345	223	219	1,057	1,189
Kansas City Southern	4,826	2,772	2,015	2,938	3,471
Louisiana & Arkansas	4,384	2,501	1,721	2,349	1,885
Litchfield & Madison	292	326	329	1,163	1,392
Midland Valley	683	844	649	196	304
Missouri & Arkansas	170	172	164	358	338
Missouri-Kansas-Texas Lines	5,750	4,592	3,811	4,678	3,613
Missouri Pacific	17,245	16,654	13,010	20,279	11,563
Quanah Acme & Pacific	86	144	76	184	111
St. Louis-San Francisco	9,330	8,567	6,666	7,683	5,444
St. Louis Southwestern	2,789	2,624	2,114	6,271	3,247
Texas & New Orleans	12,500	7,735	6,728	4,885	4,074
Texas & Pacific	4,807	3,824	3,248	5,212	4,810
Wichita Falls & Southern	121	148	134	35	62
Weatherford M. W. & N. W.	26	19	12	30	45
Total	71,994	56,620	45,743	62,506	46,079

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity*	
				Current	*Cumulative*
1942—Week Ended—					
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96
June 6	110,226	120,374	283,390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120,359	231,368	72	92
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Lumber Movement—Week Ended Aug. 15, 1942

Lumber production during the week ended Aug. 15, 1942, was 0.4% less than the previous week, shipments were 4% greater, new buisness 2% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 6% above production; new orders 2% above production. Compared with the corresponding week of 1941, production was 12% less, shipments 8% less, and new business 2% less. The industry stood at 127% of the average of production in the corresponding week of 1935-39 and 146% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 32 weeks of 1942 was 3% below corresponding weeks of 1941; shipments were 5% above the shipments, and new orders 6% above the orders of the 1941 period. For the 32 weeks of 1942, new business was 22% above production, and shipments were 14% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 72% on Aug. 15, 1942, compared with 46% a year ago. Unfilled orders were 15% greater than a year ago; gross stocks were 27% less.

Softwoods and Hardwoods

Record for the current week ended Aug. 15, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	443	443	456
Production	267,021	303,025	268,127
Shipments	281,966	306,651	270,524
Orders	271,765	276,461	276,239

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	361	97
Production	255,040—100%	11,981—100%
Shipments	267,762—105	14,204—119
Orders	252,945— 99	18,820—157

Controllers Convene In Chicago Sept. 21

A group conference on "The Audit and Re-Negotiation of Cost-Plus Fixed Fee Contracts" will be one of a series of open discussions and panels which will take place at the 11th annual meeting of the Controllers Institute of America, to be held Sept. 21 to 23 in the Palmer House, Chicago. Officials of the Army and Navy Departments will participate in the discussion, explaining their renegotiation programs to the business executives. Three other group conferences to be held at the same session include: "Government Control of Civilian Merchandise Inventories," based on the WPB study now in progress; "Problems in Administration of the General Maximum Price Order" and "Sound Methods of Inventory Valuation Under Present Price Levels."

The general sessions to be held during the three-day conference period include one on "Government Reports Required of Business" under the direction of H. P. Thornton, Vice-President and Controller of the White Motor Co., Cleveland, and another on "Post-War Controllership Problems," headed by Oscar N. Lindahl, Vice-President in charge of finance of the Carnegie-Illinois Steel Corp. These are in addition to the full-day session on Federal taxes which is scheduled for Sept. 23, at which Representative John W. Boehne of Indiana, a member of the House Ways and Means Committee, will speak, along with other authorities in the taxation field.

Previous reference to the convention plans was made in these columns July 23, page 275.

Federal Reserve July Business Indexes

The Board of Governors of the Federal Reserve System issued on Aug. 24 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board issued its customary summary of business conditions. The indexes for July, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings; 1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation— July 1942	June 1942	July 1941	Without —Seasonal Adjustment— July 1942	June 1942	July 1941
Industrial production—						
Total	†180	176	160	†181	177	159
Manufactures—						
Total	†188	184	165	†189	185	164
Durable	†251	243	199	†253	245	‡197
Nondurable	†136	136	138	†137	136	138
Minerals	†133	133	131	†133	132	‡131
Construction contracts, value—						
Total	†208	193	139	†235	228	153
Residential	†77	76	115	†77	83	116
All other	†315	288	158	†363	346	182
Factory employment—						
Total	*	139.9	133.3	*	139.1	130.6
Durable goods	*	155.9	140.7	*	157.1	[illegible]
Nondurable goods	*	124.6	126.3	*	122.0	123.9
Factory payrolls—						
Total	---	---	---	*	197.7	152.7
Durable goods	---	---	---	*	243.3	172.2
Nondurable goods	---	---	---	*	146.6	130.7
Freight-car loadings	142	141	138	142	139	138
Department store sales, value	117	104	115	81	100	79
Department store stocks, value	*	†134	82	*	†128	73

*Data not yet available. †Preliminary or estimated. ‡Revised.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on three-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000 residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION

(1935-39 average = 100)

Manufactures—	Adjusted for —Seasonal Variation— July 1942	June 1942	July 1941	Without —Seasonal Adjustment— July 1942	June 1942	July 1941
Steel	221	215	196	221	215	196
Open hearth & Bessemer	179	177	173	179	177	173
Electric	519	485	358	519	485	358
Machinery	†292	285	216	†292	285	216
Transportation equipment	†423	397	255	†423	397	229
Non-ferrous metals & products	†192	187	192	†191	187	191
Lumber and products	†136	133	141	†139	139	144
Lumber	†130	127	131	†140	138	142
Furniture	†147	144	161	†137	140	149
Stone, clay, & glass products	†142	138	151	†160	160	165
Cement	150	145	143	186	183	177
Polished plate glass	49	37	146	32	37	96
Textiles and products	†151	153	155	†151	153	155
Cotton consumption	166	169	162	166	169	162
Rayon deliveries	168	169	173	168	169	173
Wool textiles	*	151	157	*	151	157
Leather products	†119	125	130	†115	114	126
Tanning	*	120	125	*	116	120
Cattle hide leathers	*	142	137	*	134	128
Calf and kip leathers	*	87	93	*	89	102
Goat and kid leathers	*	90	116	*	90	115
Shoes	†118	128	134	†115	112	130
Manufactured food products	†141	139	126	†154	140	137
Wheat flour	106	102	103	105	95	102
Meat packing	†143	153	125	†135	149	119
Other manufactured foods	†145	141	128	†155	134	137
Tobacco products	121	122	114	131	132	123
Cigars	109	112	106	113	120	111
Cigarettes	136	136	123	153	150	138
Manufactured tobacco & snuff	89	94	97	91	96	99
Paper and products	*	134	146	*	133	139
Paperboard	115	120	162	109	120	[illegible]
Newsprint production	*	103	112	*	104	109
Printing and publishing	†107	103	127	†96	103	116
Newsprint consumption	103	97	106	90	98	92
Petroleum and coal products	*	114	128	*	115	129
Petroleum refining	*	107	124	*	108	125
Gasoline	†103	99	123	†106	101	127
Fuel oil	*	125	124	*	123	122
Lubricating oil	*	123	133	*	123	131
Kerosene	*	99	108	*	97	103
Coke	162	164	‡155	162	164	‡155
Byproduct	153	154	146	153	154	146
Beehive	477	509	‡452	477	509	‡452
Chemicals	†170	171	146	†164	165	139
Minerals—						
Fuels	†129	128	‡128	†121	121	121
Bituminous coal	†160	168	‡148	†141	144	‡130
Anthracite	†156	127	‡142	†122	117	‡111
Crude petroleum	†113	113	119	†113	113	119
Metals	†159	159	151	†199	195	184
Iron ore	240	235	205	404	381	344

*Data not yet available. †Preliminary or estimated. ‡Revised.

FREIGHT-CAR LOADINGS

(1935-39 average = 100)

Coal	155	160	150	132	135	127
Coke	205	199	200	177	179	172
Grain	95	113	112	138	111	163
Livestock	90	103	83	76	81	70
Forest products	172	159	‡148	173	165	149
Ore	180	183	156	325	318	283
Miscellaneous	149	144	140	148	145	139
Merchandise, l.c.l.	57	60	100	57	60	99

‡Revised.

Note—To convert coal and miscellaneous indexes to points in total index, shown in the Federal Reserve Chart Book, multiply coal by .213 and miscellaneous by .548.

Wholesale Commodity Prices Reach Highest Level Since 1926, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Aug. 20 that during the week ended Aug. 15 average prices for commodities in primary markets reached the highest level since October, 1926, as measured by the Bureau's wholesale price index of 889 series. Sharp advances in basic foodstuffs, particularly fruits, vegetables and meats, largely accounted for the advance. At 98.9% of the 1926 level the index has risen 0.6% in the past month and is 10% higher than at this time last year.

Average prices for foods rose 0.8% during the week and farm products increased 0.6%. There were fractional advances in the fuel and lighting materials group and feeds rose over 2%.

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for July 18, 1942 and Aug. 16, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity Groups—	8-15 1942	8-8 1942	8-1 1942	7-18 1942	8-16 1941	Percentage changes to Aug. 15, 1942 from— 8-8 1942	7-18 1942	8-16 1941
All Commodities	*98.9	*98.6	*98.6	*98.3	89.6	+0.3	+0.6	+10.4
Farm products	106.0	105.4	105.6	104.9	86.4	+0.6	+1.0	+22.7
Foods	100.5	99.7	100.1	98.3	86.7	+0.8	+2.2	+15.9
Hides and leather products	118.8	118.8	118.8	118.8	110.2	0	0	+ 7.8
Textile products	96.5	96.5	96.5	96.8	87.4	0	—0.3	+10.4
Fuel and lighting materials	79.7	79.6	79.6	79.6	79.5	+0.1	+0.1	+ 0.3
Metals and metal products	*103.9	*103.9	*103.9	*103.9	98.7	0	0	+ 5.3
Building materials	110.2	110.2	110.0	110.2	104.8	0	0	+ 5.2
Chemicals and allied products	96.3	96.3	96.4	97.2	85.9	0	—0.9	+12.1
Housefurnishing goods	104.1	104.4	104.4	104.4	96.4	—0.3	—0.3	+ 8.0
Miscellaneous commodities	89.0	88.9	89.1	89.6	83.1	+0.1	—0.7	+ 7.1
Raw materials	100.8	100.4	100.5	99.5	86.7	+0.4	+1.3	+16.3
Semimanufactured articles	92.6	92.6	92.6	92.8	89.5	0	—0.2	+ 3.5
Manufactured products	*99.1	*98.9	*98.8	*98.7	91.3	+0.2	+0.4	+ 8.5
All commodities other than farm products	*97.3	*97.2	*97.1	*96.9	90.3	+0.1	+0.4	+ 7.8
All commodities other than farm products and foods	*95.8	*95.7	*95.8	*95.9	90.7	+0.1	—0.1	+ 5.6

*Preliminary.

Dept. of Labor Reports Retail Food Costs Advanced 1.1% Between Mid-June & Mid-July

Retail costs of food advanced 1.1% between mid-June and mid-July, Acting Commissioner Hinrichs of the United States Bureau of Labor Statistics announced on Aug. 18. This rise in average food costs was due, for the most part, says the advices, to seasonal advances in retail prices of eggs, butter, lamb, and poultry and higher prices for fresh milk, meats, and certain fresh vegetables. The increase in food costs for the average worker's family was slightly less than for the previous month—May 12 to June 16—when the rise was 1.3%.

The Labor Bureau's announcement further stated:

"Prices of foods not under the General Maximum Price Regulation continued to advance, rising 2.5% during the month. Eggs and butter as well as certain fresh fruits and vegetables such as oranges, lettuce, spinach, and sweetpotatoes showed their usual seasonal rise. Advances were also reported for corn meal, grapefruit, and dried prunes. Prices for other fresh vegetables—green beans, carrots, and potatoes — advanced slightly although they usually show a decrease at this period. Cabbage and onions were seasonally lower and prices for wheat flour also declined. Prices of apples which had a sharp seasonal rise from mid-May to mid-June declined 9% from mid-June to mid-July as the new crop began to be marketed.

"Controlled food prices rose slightly—0.3% from mid-June to Mid-July—as a result of higher prices for fresh milk, beverages and certain meats. Other controlled foods for which increases were reported included rolled oats, vanilla cookies, soda crackers canned fruits, shortening in cartons, and corn syrup. The change for corn syrup is partly due to a change from tin to glass containers. Prices for macaroni, whole wheat bread, bananas, shortening, sugar and canned vegetables were lower than in June.

"The average price of milk delivered to homes rose 1 cent per quart in Chicago following a decline of the same amount between mid-April and mid-May and is now at the same level as of March 17. Following an adjustment of fluid milk prices on New York by the Office of Price Administration, the average retail price for delivered milk in the city rose one-half cent per quart. Bread prices remained practically unchanged except for an advance of more than one-half cent in Dallas.

"The index of food costs for July 14 was 124.6% of the 1935-39 average, 5% above the March 17 level and 17% higher than a year ago.

"Retail costs of food between June 16 and July 14 alvanced in 39 cities, declined in 11, and remained unchanged in one. The largest increases were reported for New Orleans (3.2%), Jacksonville and Los Angeles (2.9%). The largest decreases were for Columbus (1.6%), Rochester (0.9%), and Omaha (0.8%). The changes shown for these cities were largely due to changes in prices of eggs and fresh fruits and vegetables."

Index numbers of food costs by commodity groups for July 14, June 16, May 12, and March 17, 1942, July 15, 1941, and Aug. 15, 1939, are shown below:

INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS
(Five-Year Average 1935-39 = 100)

Commodity Group—	*July 14, 1942	June 16, 1942	May 12, 1942	Mar. 17, 1942	July 15, 1941	Aug. 15, 1939
All Foods	124.6	123.2	121.6	118.6	106.7	93.5
Cereals and bakery products	105.1	105.1	105.2	104.8	96.2	93.4
Meats	127.5	126.6	124.3	120.5	108.7	95.7
Beef and veal	123.6	123.3	124.1	119.7	108.6	99.6
Pork	122.1	121.9	123.2	117.5	106.1	88.0
Lamb	133.0	†130.7	118.2	108.7	111.5	98.8
Chickens	125.7	123.3	113.4	112.2	104.5	94.6
Fish, fresh and canned	161.2	158.3	150.9	158.9	120.4	99.6
Dairy products	123.0	122.1	123.3	121.7	112.3	93.1
Eggs	130.1	119.7	115.4	112.1	114.7	90.7
Fruits and vegetables	135.7	†133.8	128.7	123.4	107.0	92.4
Fresh	139.1	†136.7	130.0	123.7	109.3	92.8
Canned	122.4	†122.2	122.7	120.8	97.9	91.6
Dried	134.2	†132.6	131.2	127.9	106.5	90.3
Beverages	122.8	122.6	124.6	119.6	101.4	94.9
Fats and oils	120.0	120.0	122.4	116.8	96.6	84.5
Sugar	126.6	126.7	127.1	128.5	107.8	95.6

*Preliminary. †Revised.

Navy Adopts New Labor Cooperation Program

Secretary of the Navy Knox announced on Aug. 8 that the United States Navy, one of the largest single employers of labor in the country, has adopted a program designed to bring about closer cooperation with its workers.

Explaining that the measure of cooperation desired and vital to the all-out war effort has not been attained, Secretary Knox said that "it must be apparent that the only way to win this war is by elimination of friction and controversary within this country and the devotion of the entire energies of this nation against our enemies."

In furtherance of this program, Secretary Knox and the Commander in Chief, U. S. Fleet, Admiral Ernest J. King, will invite representatives of labor from each of the Navy Yards and other industrial shore establishments to meet with them and other ranking officers of the Navy in Washington for a conference on Oct. 1, 1942, at which ways and means of further implementing this program of cooperation will be discussed.

Explaining this new policy, Mr. Knox, in a statement to the commandants of all continental naval districts and navy yards, to all bureaus and offices of the Navy Department, to the headquarters of the United States Marine Corps and Coast Guard, and to other naval shore establishments, said:

"The Navy family must be welded together as never before in order to meet this terrific war menace, the extent of which our people now must realize and prepare to meet with all the strength, courage and sacrifice we possess if we are to win out.

"This program does not mean higher wages, shorter hours of work or less discipline; it means closer cooperation, more understanding of each other's problems, more friendliness in our relationships and undoubtedly greater sacrifice on the part of all of us. This is a sincere attempt to bring together in a harmonious unit all men and women of the Navy family for the sole purpose of winning this war and achieving victory for our country and our common cause."

Argentine Loan A Success

Argentina's new internal loan issue of 100,000,000 pesos has been an outstanding success, according to a cable received by the Argentine Information Bureau, New York City. The new bonds, which bear 4% interest and are redeemable in 1983, were offered on Aug. 10 at 93.80 and were oversubscribed by 150,000,000 pesos during the day, when the lists were closed. The advices add that in accordance with the decree authorizing the loan, the initial offering of 100,000,000 pesos was consequently increased to 200,000,000 pesos. The fact that there was a surplus subscription of 50,000,000 pesos will entail a pro rata allotment, it was explained, but this will not affect subscriptions up to 20,000 pesos. which will be allotted fully. The advices to the Bureau further states:

"The success of this internal operation is particularly gratifying in view of the fact that it is the first issue of Argentine taxable Creditos since the 1941 conversion, which introduced the tax liability on these government bonds. It is notable that applications for the bonds represented mainly public investment demand. It is pointed out that national pension offices and other official departments, which ordinarily are heavy investors in Creditos. did not participate in the 200,000.000 pesos offering, as their requirements will be met out of a third 100,000,000 peso issue which has already been authorized, and which is being withheld for this purpose.

Items About Banks, Trust Companies

Charles D. Runyan was elected President of Trust Company of North America of New York at the August meeting of the bank's board of directors. Mr. Runyan was formerly Vice-President and Secretary of the bank.

Lawyers Trust Co., New York City, has received permission from the State Banking Department to change the location of its main office from 135 Broadway to 111 Broadway.

William J. Eck, a retired Vice-President of the Chase National Bank, of New York, died on Aug. 19 at his summer home at Schroon Lake, N. Y.

Mr. Eck who for more than 30 years had been a resident of New Jersey, was born in New York City on Aug. 7, 1872. After his early education he worked in a lawyer's office where, as an expert penman, he prepared deeds, mortgages and abstracts. Later he became Cashier and bookkeeper for the Hamilton Bank Note Co. He joined the staff of the City Trust Co. when it was organized in 1899 and was named Assistant Secretary in 1905. He continued in that capacity with the Equitable Trust Co. of New York after a merger in 1912 and was appointed Secretary in 1918. He was elected Vice-President and Secretary in 1929. After the Chase-Equitable merger in 1930 Mr. Eck became Vice-President and served until his retirement in 1932. Mr. Eck was formerly a member of the Hackensack, N. J., City Council and also served for a time as City Treasurer.

At a meeting of the Board of Directors of the First National Bank of Jersey City, N. J., on Aug. 19, Frank C. Reed was elected a director to fill the vacancy caused by the recent death of Henry A. Gaede. Mr. Reed is President and Director of Westinghouse Electric Elevator Co. and also a Vice-President of Westinghouse Electric & Manufacturing Co. He is also a director of the Provident Institution for Savings of Jersey City. He is a director of the New Jersey State Chamber of Commerce, Jersey City Chamber of Commerce, Boy Scouts of America, Salvation Army and Community Welfare Chest. Also Chairman of the Jersey City Salvage Committee, and a member of the Committee of Jersey City Defense Council, Social Service Unit. Mr. Reed takes a leading part in business and civic affairs in the State of New Jersey.

Robert H. Anderson, President of the Ambler Trust Co., Ambler, Pa., died on Aug. 23 at his home in Ambler at the age of 65. Mr. Anderson was a director of Asbestos, Ltd., of New York, and formerly was Vice-President of the Keasbey & Mattison Co., Ambler asbestos manufacturing firm.

The First Jeannette Bank and Trust Co., Jeannette, Pa., has been admitted to membership in the Federal Reserve System, it was announced on Aug. 21 by M. J. Fleming, President of the Federal Reserve Bank of Cleveland. The bank has total deposits in excess of $2,000,000 and capital and surplus of $200,000 each. R. E. Best is President of the institution.

Dividend checks were mailed on Aug. 17 to depositors of the old Commerce Guardian Trust & Savings Bank, Toledo, Ohio, by the Associated Depositors, Inc., the bank's liquidators, which it is understood will represent full settlement of depositors' claims against the bank. The Toledo "Blade" of Aug. 18 said:

"The checks, the letter says, represent 52% of remaining unpaid balances and, if accepted, will increase to 38 cents on the dollar the amount returned to depositors. The letter says 75% has been returned previously.

Walter C. Cox of W. C. Cox & Co., Inc., Peter L. Fox, Jr., of the Peter Fox Sons Co., and Benjamin Glick, partner in the Crown Plumbing & Heating Co., all of Chicago; William Schneider, a director and treasurer of H. C. Christians Co., Johnson Creek, Wis., and David H. Slinger, of Randolph, Wis., have been admitted to membership in the Chicago Mercantile Exchange.

The State Street Bank and Trust Co., Quincy, Ill., became a member of the Federal Reserve Bank of St. Louis on Aug. 14, according to an announcement issued by the Reserve Bank, which says:

The new member, organized as a private bank in 1890; it became incorporated in 1919, has a capital of $200,000, surplus of $50,000, and total resources of $2,654,000. Its officers are: Henry Lange, President; Albert P. Niemeyer, Vice-President; Walter A. Heidbreder, Vice-President and Trust Officer; Harvey H. Sprick, Cashier and Assistant Trust Officer; Arthur W. Brackensick and Carl H. Stoermer, Assistant Cashiers.

The addition of the State Street Bank and Trust Company brings the total membership of the Federal Reserve Bank of St. Louis to 446. This is the ninth State bank in the St. Louis District to join the System since the first of the year.

Immediate sale of all business and assets of the National Bank of Adrian to the Lenawee County Savings Bank, both in Adrian, Mich., has been approved by shareholders of both banks, it was announced on Aug. 22. The Toledo "Blade" of Aug. 22 reported:

Under the plan, $1,500,000 deposits, covered by a similar amount of notes, mortgages, and cash will be transferred. It will give the Lenawee Savings Bank a total asset valuation of approximately $4,000,000.

In accordance with State banking laws, capitalization of the Lenawee bank was increased yesterday from $110,000 to $210,000, because of increased deposits.

Directors of the bank, meeting after the deal was consummated, promoted R. P. Watts, former Cashier at the Lenawee, to Vice-President. Russell McAfee, former Vice-President of the National, also was made a Vice-President of the enlarged bank. A. W. Robb will continue as President.

The defunct Capital Trust & Savings Co., St. Paul, has been ordered to pay a final 3% dividend of about $140,000 to 13,000 depositors.

FHLB Sells Debentures

The Federal Home Loan Banks sold on Aug. 20 an issue of consolidated debentures aggregating $22,000,000, it was announced by Everett Smith, New York financial representative of the institutions. The obligations, dated Sept. 1, 1942, and maturing March 1, 1943, were priced at par value and carry ¾% interest. The offering, it is announced, was several times oversubscribed. The proceeds from the sale, together with $4,000,000 from the banks' surplus fund, will be used to retire $26,000,000 of similar maturing debentures. At the completion of this financing, the banks will have $86,500,000 of debentures outstanding.

Federal Reserve Board Reports Industrial Activity Increased Further In July

Industrial activity increased further in July and the first half of August, reflecting continued growth in output of military products, according to the summary of general business and financial conditions issued by the Board of Governors of the Federal Reserve System on Aug. 24. Retail sales increased during this period, following a decline, on a seasonally adjusted basis, during the first half of the year.

The Board's summary continues.

"Production

"Industrial output rose further in July and the Board's seasonally adjusted index advanced from 176 to 180% of the 1935-39 average.

"Activity continued to increase in the machinery and transportation equipment industries and in other lines producing war products. Shipbuilding expanded further and 71 merchant vessels were delivered in July. These had an aggregate deadweight tonnage of 790,300 tons—an all-time record for a single month's deliveries. In the automobile industry armament production increased in July to an annual rate of about $5,000,000,000 as compared with a peak year's civilian output of $4,000,000,000. Iron ore shipments down the Great Lakes reached a new record of 13,400,000 gross tons in July and plans were announced for improving rail and harbor facilities so that shipments next season could exceed considerably prospective shipments of 90,000,000 tons or more this year. Last season 80,000,000 tons were shipped.

"In most other lines of manufacturing and mining, activity in July was maintained at about the levels prevailing in June. There were reports that some plants were forced to curtail operations owing to lack of certain materials, and further investigations were undertaken to determine present and prospective availability of material supplies.

"Value of construction contracts awarded in July showed a reduction of about 20% from the record level reached in June, according to figures of the F. W. Dodge Corp. Declines were reported for most types of construction; awards for manufacturing buildings, however, increased further and constituted about one-third of total contracts let. As in June, publicly-financed work amounted to over 90% of the total. In the first seven months of this year awards were about 50% larger than in the corresponding period last year.

"Distribution

"Distribution of commodities to consumers declined less than seasonally in July. The Board's adjusted index of department store sales, which had dropped from a peak of 138% of the 1923-25 average in January to 104 in June, rose to 117 and sales by variety stores and mail-order houses also advanced, after allowance for usual seasonal changes. In the first half of August department store sales increased by more than the usual seasonal amount.

"Railroad freight-car loadings increased more than seasonally in July and rose somewhat further in the first half of August. Shipments of miscellaneous merchandise, which include most manufactured products, and of forest products continued to rise. Grain shipments also increased, but the rise was less than is usual at this time of year. Loadings of coal declined somewhat from the high level of other recent months.

"Commodity Prices

"Wholesale and retail food prices advanced further in July and the early part of August, while prices of petroleum products on the East Coast were reduced, and those for most other consumer goods continued to show little change. In raw material markets price declines occurred for cotton, inedible fats and oils, and some scrap items, particularly nonferrous metals and paper. Demand for materials used more exclusively for war products continued strong and prices of these materials were sustained at ceiling levels.

"Federal subsidies were arranged for additional commodities and Government war risk rates on shipments of imported commodities were reduced. These actions were taken to bring about price reductions, as in the case of petroleum products on the East Coast, and to prevent further price increases, particularly for imported commodities. About 30 new maximum price schedules were announced, chiefly for miscellaneous civilian products, and in some instances these schedules permitted substantial increases over ceilings set by the General Maximum Price Regulation.

"Bank Credit

"Excess reserves of member banks declined by about $200,000,000 in the four weeks ended Aug. 19. An increase of about $400,000,000 of currency in circulation during this period was paralleled by a corresponding amount of Reserve Bank purchases of Government securities. There was an increase of $300,000,000 in required reserve resulting from a growth in deposits at member banks. Excess reserves in New York and Chicago reached the lowest levels since the third quarter of 1937. Effective Aug. 20 reserve requirements on demand deposits at central reserve city banks were reduced from 26% to 24% by action of the Board of Governors of the Federal Reserve System. This had the effect of converting over $400,000,000 from required to excess reserves.

"Member banks in leading cities continued to increase their holdings of United States Government securities, particularly in the week ended Aug. 19, in which delivery of the new 11½ months' ⅞% certificates of indebtedness was made. Loans, which had declined during the second quarter of the year, have recently shown little change.

"Adjusted demand deposits continued to increase at reporting banks, although purchases of Government securities, particularly the 2½% Treasury bonds of 1962-67, by investors other than banks temporarily reduced demand deposits of individuals and added to United States Government deposits.

"United States Government Security Prices

"Prices of United States taxable bonds have shown little change during the past month. Taxable notes of 3- to 5-year maturity are currently yielding 1.26% on the average as compared with 1.20% in July. The rate of discount on new issues of Treasury bills has averaged 0.372% for the past three weeks."

R. E. Paul Resigns

The Federal Reserve Bank of New York announced on Aug. 20 that Randolph E. Paul, a Class C director of the Bank since June 1941, having been recently appointed General Counsel of the Treasury Department, has tendered his resignation as a director, and his resignation has been accepted. As provided in the Federal Reserve Act, Mr. Paul's successor will be appointed by the Board of Governors of the Federal Reserve System.

Mr. Paul's appointment as Treasury Counsel was reported in these columns Aug. 13, page 549.

Asks Govt. Review Of All Wage Raises

The National War Labor Board recently advocated control over all general wage increases; this was indicated in Associated Press advices from Washington on Aug. 5, incident to the Board's ruling in the case of the wage demands of the General Cable Co. in New Jersey; the Associated Press accounts said:

"The Board's present authority extends only to disputed wage demands brought before it.

" 'It should be recognized by all concerned,' said Wayne L. Morse, who wrote the opinion, 'that the wage formula adopted by the Board will not and cannot result in wage stabilization if it is limited in its application to wage disputes which come before the War Labor Board for final determination.

" 'If wage stabilization is to be accomplished, the terminal limits set forth in the formula must be applied universally and uniformly to so-called voluntary wage increases.

" 'In order to accomplish such an end it would appear necessary to require government review and approval of all general wage increases. The inflationary effects of a race between prices and wages cannot be stopped in the absence of a governmental check upon wage increases.'

"Mr. Morse also asserted that there has been 'a considerable amount of misunderstanding' about the formula. He said the Board was satisfied its application would add less than $1,000,000,000, or well under 1½%, to the present national wage bill of more than $70,000,000,000."

Treasury May Revamp New Five-Cent Piece

Due to the increased value of silver, the Treasury Department has been forced to discard its plan to make the new 5-cent coins out of half-silver and half copper, according to Associated Press advices Aug. 12, which further stated:

"Because some jewelers now are paying as high as 72 cents an ounce for silver, the mints discovered that the new coins might be worth more than five cents apiece, and people could melt them down and sell the metal at a profit.

The coin was designed last winter, when there was no prospect that silver would be worth more than 35 cents an ounce. The metal in the coin, then, would have been worth about four cents, in accordance with the universal practice of making coins worth less than their face value.

"None of the new coins ever was issued to the public, however, and the mints now are working out new designs which would cheapen the metal by diluting it with steel, commercial manganese," or certain other metals which are cheaper than silver.

"The old 'nickels'—which were 5% nickel and 75% copper—haven't been minted since March, because the War Production Board wanted to save both metals for war needs.

"A decision will have to be made soon on the new 'jitney' because the stockpile of old type nickels built up by the mints before March is being depleted.

"The high price of silver is due to what some officials call a "squeeze" resulting from the fact that all foreign silver, worth 35 cents an ounce, has been channeled by WPB priorities into war industries, forcing jewelers to outbid the Treasury for silver mined in this country, upon which Congress has set a statutory minimum price of 71.11 cents an ounce."

Plans for the new five-cent piece were referred to these columns Jan. 29, page 445.